

## Why these vicious attacks?

### Unacceptable and reprehensible

WE are dumfounded by the brutal attacks on student protesters, journalists and other citizens allegedly by Chhatra League men yesterday. These men, some wearing helmets and carrying sticks, swooped on students, parents, passers-by trying to take pictures. They smashed cameras and mobile phones. The students' demand for safe roads where everyone honours traffic rules is legitimate and should be taken seriously. And they expressed their demands through mainly peaceful protests. So why were they assaulted? Why didn't the law enforcers intervene in these attacks? Is it not their duty to protect the people, more so when they are young school-going students?

It is incomprehensible that when the situation could have been brought under control through assurances that the demand for safe roads would be met, that such ugly scenes should be played out on the streets. Journalists have also been attacked including a female journalist who was physically harassed because she was trying to take video footage of a procession. There are also reports of assaults on female students.

The ongoing transport strike is another display of the total disregard for public welfare. In response to the protests by students, the bus owners have been striking causing immense suffering to the commuters. Does this mean they will hold the public hostage whenever the latter tries to hold them accountable for violating traffic rules and reckless driving? In the last three and a half years, such disregard for law and lack of enforcement has resulted in more than 25,000 deaths. How is this acceptable to our transport authorities, our government and to the bus owners themselves?

We urge the government to immediately put a stop to the assaults on these students and other civilians. We also urge the students to understand that these reforms need time which has to be given. It is clear that individuals linked to the student body of the ruling party, who are taking part in these attacks, enjoy an impunity that allows them to regularly carry out such violence without any intervention from the law enforcers. Such impunity completely distorts the authority and responsibility of our law enforcers. Unless these men are reined in by the ruling party, the situation on the streets is bound to go out of hand.

## Halt char development in Sundarbans

### Earth filling continues despite HC directive

THE Bagerhat district administration is doing the development work of an Ashrayan (shelter for the poor) project on a new char that has emerged recently in East Sundarbans. The forest department had written to the deputy commissioner to stop the earth-filling work on the ground that it would adversely affect the ecology of the mangrove forest. Unfortunately, the directives of the High Court (HC) have also been ignored.

We agree with the forest department that any human settlement in the mangrove forest will have an adverse impact on the delicate biodiversity that exists in the Sundarbans. Given that these people will be living off the forest means that there will be indiscriminate fishing and woodcutting and that will lead to greater deforestation and put a strain on the marine population. The latest move comes in the backdrop of similar settlement proposals that had been proposed back in 2005 and 2013, but this time around, the local administration is lending a deaf ear to protests of environmentalists and the forest department alike.

Today, the Sundarbans faces an unprecedented attack with some 190 industries and factories set up within 10km of the forest, according to a report by the Department of Environment to the HC back in April. This speaks volumes about the administration's commitment to safeguarding the Sundarbans and the latest attempt to settle people there is merely an extension of this policy. We strongly urge the administration to take heed of the HC order and stop the development work that will most definitely be detrimental to the ecological balance of the Sundarbans.

## LETTERS TO THE EDITOR

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### We all want road safety

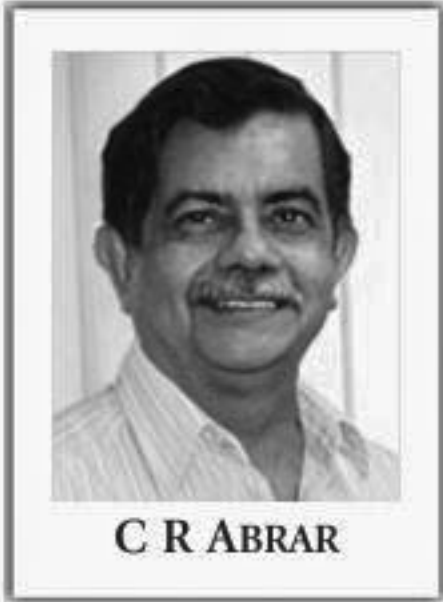
For the last few days, Dhaka city has been paralysed by the students demanding road safety after two students were killed by a speeding bus. While the government claims to have sympathy and even respect for their cause, the ruling party activists, at times with the help of the police, are unleashing violence against these kids. I can't quite fathom the discrepancy and deception. This is totally unacceptable.

Meanwhile, with the protests still raging on, a bus on August 3 hit a motorcycle, killing the biker, in the capital. This should make us realise how problematic the entire affair is. What's more, rather than taking steps to address their own faults, the bus owners are exercising an unannounced strike in the capital, causing immense inconvenience to the commuters.

The authorities concerned should take steps to heal the crisis, not exacerbate this. We all want safety on the roads and the onus is on the relevant authorities to make that happen. Therefore, instead of pushing the protesters into a vulnerable situation, they should work hard to achieve this goal.

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# Teen upsurge for road safety



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LAST week the teens of Bangladesh have written a new chapter for the annals of the democratic struggle of the country. They asserted their right to fix the all-encompassing rot that had set in the transport sector of the country. Each year about 3,000 lives are lost and tens of thousands of passengers and pedestrians are injured, some maimed for life, due to poor enforcement of regulations pertaining to driving license and vehicular registration. Decades-long civil society cry to bring order in the sector fell on deaf ears. Vested quarters—a blend of politicians, rent-seeking self-declared unionists and corrupt public functionaries—have established an iron grip over the concerned state institutions (Bangladesh Road Transport Authority and the traffic police) and thwart moves to ensure enforcement of the law and accountability. Political patronage and impunity enjoyed by this coterie led to a

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situation in which it could challenge and successfully reverse the execution of a court order.

It is in such a context of helplessness of ordinary citizens that the killing of two college students by a bus in late July triggered a huge student protest in the capital. The insensitive and offensive comment by the president of Bangladesh Road Transport Workers Federation (BRTWF), who is also the shipping minister, and the low public confidence on the administration to dispense justice and address the concerns of the protestors further exacerbated the situation. Very quickly, the protest spread like wildfire in other towns and cities. School and college going boys and girls, in dozens, hundreds and thousands, took to the streets demanding justice and effective measures to curb death and maiming on the roads. They also demanded enforcement of existing laws



The students' frustration over inefficiency and corruption of the traffic police and the latter's collusion with transport syndicates and their godfathers led them to take control of the traffic management in Dhaka city.

PHOTO: COLLECTED

to ensure that only licensed persons become eligible to drive registered and roadworthy vehicles.

The students' frustration over inefficiency and corruption of the traffic police and the latter's collusion with transport syndicates and their godfathers led them to take control of the traffic management in Dhaka city. For almost a week now, the students, mostly teenagers, in school uniforms with bags on their back, braving hunger and thirst in summer heat and rains, have successfully brought about a semblance of order that this metropolitan city had never experienced in the past.

These young people ensure only licensed persons are in the driving seat of duly registered roadworthy vehicles, advise car passengers to put on seat belts, motorcyclists to wear helmets and pedestrians to use footpaths, zebra crossing and foot bridges. Disorderly rickshaws are made to file up when crossing intersections. For the first time since independence, one lane in key arterial roads was made free for emergency vehicles!

The self-appointed teenage enforcers of the law are polite but firm. With due respect they made a senior minister change direction and drive on the right side of the road, and another minister leave his vehicle as it did not carry proper registration papers. Imbibed with the spirit of upholding the law, they stopped vehicles of a DIG, Supreme Court judge and the navy for not carrying proper documentation.

In some situations, students were enraged and vandalised vehicles when drivers could not produce their driving

licenses or vehicle registration and fitness papers. Spontaneous demonstrations by protesters at some intersections adversely affected the traffic flow and caused substantive hardships to the commuters. Despite this, the student protesters commanded warm understanding from the city dwellers at large. Social media has witnessed an outpouring of compliments. People reassured them that they were prepared to put up with the inconvenience of traffic delays and detours as those were for the greater good. Some went on to suggest if citizens can withstand the agony of congestions and closures imposed by political party programmes that are of little interest to them, then why not endure this temporary discomfort for a worthy cause.

The teenagers' protest touched hearts of millions. Mothers brought in snacks and bottled water for them. Footage of a lady feeding khichuri to tired and hungry young protestors expresses the depth of support that the youngsters enjoy. By the fourth day of the protest, ordinary people—parents, guardians and admirers—joined the rallies. "Enough is enough" was the rallying call. They all wanted that road safety measures should improve. The rightful cause of the protesters also inspired celebrities. Actors and musicians came in a group to express their solidarity with the students. Together they sang the inspirational marching song of the national poet "chol, chol, chol".

This protest is unique in many ways. The teens compose and chant appealing slogans, poems and songs. It is a protest not to challenge the rule of law but to demonstrate how laws should be

enforced. It is not to put the government on the dock but to draw its attention to the urgent need for making the roads safe. It is not to claim political power, but to demonstrate how state agencies should function with efficiency. The protesters have established that with good intentions and commitment, the tasks that public-funded professional forces could not perform for decades were indeed doable.

The students presented a 9-point charter of demands to the government. Their massive mobilisation, and the support it garnered from the masses, forced the government to concede within days. Despite ministerial commitments for gradual implementation of the demands, the protestors remain apprehensive if at all those would be honoured and hence their reluctance to vacate the streets. The dilatory tactics of the government on the prime ministerial promise of quota reform remains fresh in their mind.

Likewise, the promise of a new transport law drew little interest. Quite rightly, they feel what is needed is the political will to enforce the existing laws and regulations, not a fancy worded new legislation.

The forcible closure of academic institutions and claims by senior ministers that the movement is a ploy of BNP-Jamaat further raises the suspicion of the students about the government's motives. The attacks on peaceful demonstrators by hooded men wielding lethal weapons, allegedly activists of the student and labour wings of the ruling party, over the last few days further erodes that tenuous trust.

The outcome of this legitimate and popular civic movement demanding safe roads remains an open question. The onus lies squarely on the government to bring a just, logical and immediate end to this issue. Appropriate measures regarding the concerned officials will substantially diffuse the charged atmosphere and create enabling conditions for the students to return to classes and give time to the government to implement various provisions of their demands (if it intends to do so). Any attempt to intimidate, insinuate and coerce the students (methods that have been tried and failed in dealing with the quota reformers) will only further aggravate the situation.

"The state is under repair: we regret any inconveniences caused" read a poster on the road that was under siege of the protestors. One surely hopes that the authorities pay heed to their call and indeed take measures to restore confidence of the masses on this important institution, the State.

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## A note on re-fixing interest rates on Sanchayapatra



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Review Committee with an extension of 90 days' time to brood over the optimal rate on NSCs. Although this will be an unpopular move for the regime with the election only months away, it would have been much better had the government done it at least three years ago, when NSC sales just began to skyrocket. I remember the days when, while serving at Bangladesh Bank, I tried to convince the ministry to portray how bad NSCs will be in ruining the climate for other interest rates in the banking sector.

Eventually, I resorted to writing a column at *The Daily Star* in late 2015 branding Sanchayapatra as a "Trojan horse". I remember having received phone calls from the higher-ups after the publication of the piece, with a note of caution that I shouldn't write against the government while being a part of it. They failed to distinguish between economics and politics, where acceptance of everything that is being done seems to be the default. But for me, pointing to a policy mistake that kept on breaching fiscal and monetary discipline felt like the right thing to do.

Sanchayapatra is a government-run savings scheme that helps the buyers earn unusually higher interest rates than other bank deposits do. It used to earn more than 12 percent before 2015. In an attempt to prove that the finance ministry is partly responding to the declining trend of interest rates in all markets, it lowered NSC rates to 11.5 percent, which was still abnormally higher than other deposit rates in the banking sector.

During the excess liquidity period between 2015 and 2017, bank deposit rates slid to as low as 3-4 percent, but NSC rates still remained close to 12 percent, brushing all economic rationales aside. That type of interest-rate differential between government and market instruments was one of the highest in the world—something not even seen in North Korea, which barely seems to care about market reality.

What went wrong? Economics is ruthless and it followed the law of the sixteenth-century British economist Thomas Gresham: "Bad money drives out good." For example, if there are two forms of commodity money in



circulation such as gold and silver coins, both of which are accepted by law as having a similar face value, gold coins will gradually disappear from circulation, because people will hold gold coins in their family vaults and throw the inferior silver coins into circulation. In the same vein, people would rush to buy the higher-yielding NSCs, making bank deposit unappealing. And that is exactly what happened here. A liquidity glut in the banking sector soon turned into a liquidity crisis, unmasking the consequences of irrationally high saving rates on government instruments.

Banks, which deem deposit to be their

oxygen, soon began to pay high on deposit rates, first to quench their thirst for liquidity and then to continue their lending business. Bank deposit holders were happy but that made the country's investment prospects grimmer because lending rates, which sit on deposit rates plus the spread, had to jump up, making investment more expensive than before. Bangladesh, being a growth generator, can't afford to see investment growth slackening. It will upset all our aspirations and political goals; a timely sense induced the prime minister to instruct the bank sponsors or BAB (Bangladesh Association of Banks) to bring down lending rates to single digits

as soon as possible. All these troubles happened because of nonmarket NSC rates at the root. And the lowering of lending rate to 9 percent, though seemingly alluring, will never be affordable as long as NSC rates stay above 9 percent. Why?

Because NSC rates are comparable not to lending rates, but to bank deposit rates, which are now instructed to remain at 6 percent. So, the only way to let the banking sector function well is to bring Sanchayapatra rates closer to 6 percent or slightly above. This is called the rationalisation of government interest rates with the market. And a government

committed to empower market economy for the sake of higher investment growth ought to do that. Another way to fix NSC rate is to look at the medium-term bond rate. Giving a little premium on that may be acceptable. Still NSC rates shouldn't exceed 7-8 percent. If the premium is too high to justify it, the government's effort to build a healthy bond market will simply take a nosedive. We believe the high-powered committee will take these vital factors into consideration while re-fixing the NSC rates.

We can imagine that the resistance to reducing NSC rates will be high mainly because of two reasons. First, income from NSCs is now a big earning source for the upper-middle class and the super-rich although it's claimed to be a safety net for the poor (what an irony!). Its total outstanding is now close to Tk 2.4 trillion and the poor possess a tiny slice of that gigantic pile of wealth. Second, the finance ministry itself will be incapable of feeding the budget deficit if NSC sale suddenly stunts due to a close-to-market interest rate. For the last two years, the ministry is scooping up around Tk 50,000 crore from NSCs which have been used to plug the big hole of budget deficits and to repay public loans. This is an example of inefficient and expensive deficit financing, which shows why our fiscal capacity is so poor.

In a rare move, the finance parliamentary committee has recently held the finance ministry responsible for the weakest tax-GDP ratio of the region. Since the budget management is now living off inputs from Sanchayapatra, the budget managers would be resistant to lower NSC rates close to the market. But we expect that the government will re-fix NSC rates in keeping with the fiscal and monetary discipline so that lending rates decline automatically by market forces to support the country's investment and faster growth.

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