

Question for regulators to answer

Is Janata Bank above banking rules?

ACCORDING to the findings of multiple Bangladesh Bank investigations, Janata Bank has been granting undue favour to yet another big borrower breaking all sorts of banking rules. The borrower, Thermax, was granted these privileges despite paying only a fraction of its previous dues which now stand at a staggering Tk 1,230 crore.

Having failed to pay back the money against previous Letters of Credit, Thermax should have been automatically disqualified from utilising the LC service until it cleared the outstanding loan—which it wasn't, being allowed to repeatedly open fresh LCs by Janata Bank. This led to the company receiving LC benefits worth more than three times the ceiling without approval from the bank's board, again in violation of BB rules. As a result, Janata's total outstanding loan to Thermax exceeded the single borrower exposure ceiling of 15 percent set by the BB and the 25 percent limit set in the Bank Company Act 1991.

Despite a number of questions being raised in regards to the workings of the company, according to BB officials, 27.5 percent of Janata Bank's capital was given to Thermax as of December last year, which reeks of corruption. Yet, what is most outrageous is that the bank has been doing all this with public money for years without any intervention by the regulators.

How long will such blatant squandering of public money by Janata Bank and others continue? Is this not a direct result of the impunity that has been granted by regulators to corrupt and inept individuals in the banking sector?

In the interest of curbing such mismanagement and corruption now, we call on the regulators to forcefully implement the set rules and strictly punish those found to have violated them.

Railway workshops can't brook manpower shortage

Make up deficit quickly

ADMITTEDLY, filling up manpower void is more easily said than done, particularly when that workforce consists primarily of technical hands. And that is what begs the question: Why is the biggest railway workshop, this side of the Padma, at Pahartali in Chittagong, running with half its authorised workforce for a good part of 25 years? One feels that poor human resources management and planning has a lot to do with this state of affairs.

What has contributed to the current shortage is the offer of voluntary retirement that the large number of workers were only too glad to take up. And more than one-third of the workers preferred to leave their job under that scheme in 1993. And why not? Given the huge workload, the employees had to work extra hours, which had a heavy toll on their health. Workshops are not quite what one understands as an ideal workplace should be, particularly, in our circumstances. And the recruitments that were done since 1993, when the scheme came into effect, were not enough to fill the void.

It bears no repeating that establishments that are technical and technology-oriented, and more so when they serve a very vital public sector like the railways, cannot compromise on their output, since that has a direct bearing on passenger safety. But given the current state of technical staff vis-à-vis the workload, such a possibility cannot be discarded.

All efforts must be made to fill up the deficiency, but more importantly, the HR departments both at the plant and centre must work out and implement a workable manpower policy. Planning ahead constantly to cater to the natural and unusual wastage of technical persons through recruitment and training, should be the primary preoccupation of the planners.

LETTERS TO THE EDITOR

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Provisions and rights of senior citizens

Due to the improved quality of life in Bangladesh, people now live longer. There is a sizeable ageing population in the country today and the number of people over 60 years of age is increasing rapidly. This should be seen as an emerging challenge as the elderly will have special needs and require different care-giving services.

Many elderly persons are neglected by their own children, who remain overburdened by their professional responsibilities. Meanwhile, there are insufficient seats in old homes to accommodate these senior citizens in need of care. We need to train and provide a larger number of caregivers for them.

Even the Parents Care Act 2013 has several disparities regarding the amount of money to be allocated to elderly citizens. The act needs to be implemented more stringently and efficiently. The concerned authorities should build more old homes and ensure that safety and maintenance standards are up to par. The private sector can also help by offering them appropriate job opportunities with decent income.

Zubair Khaled Hug

By email

'Transport owners, insurers need to be held liable for a lasting change'

On the occasion of the National Road Safety Day today, noted filmmaker Catherine Masud talks to Nahela Nowshin of The Daily Star about her own journey of navigating the justice system, what the recent student-led road safety movement has achieved, and the shortcomings of the recently passed Road Transport Act 2018.

In December 2017, the High Court delivered a landmark verdict by ordering the bus owners, driver and insurer to pay compensation for the fatal road accident in 2011 that had led to the death of your husband filmmaker Tareque Masud, Mishuk Munier and three others. What was your experience in the long struggle for justice?

As is the case with so many legal battles in this country, our struggle for justice in the compensation case against the bus driver, bus companies and insurers who were directly and indirectly responsible for the crash was a long and difficult one. We first filed the case in February 2012, knowing full well that it could be years before there was any resolution. But I was convinced that it was an important legal battle because of the precedent it could set given the high-profile nature of the case. In parallel, the criminal trial against the bus driver was also going on at the district court in Manikganj, and it was very stressful to pursue both cases at once.

Testifying in court for me was like having to relive the events of August 13, 2011 all over again. But we had an excellent team of lawyers in both the criminal and the civil cases, and I am particularly grateful to our legal team led by Dr Kamal Hossain and Sara Hossain who handled the High Court case, and also to Khan Khalid Adnan who supported us in the criminal case. Because there was so little precedent, the case required a tremendous amount of research and preparation, but now that the groundwork has been laid, hopefully it will prove useful to others in future.

When the verdict was handed down in December 2017, we were tremendously relieved that it had gone in our favour. However, we were disappointed that the insurance company was let off with so little liability. We have appealed the case on this ground, and the opposite side has also appealed the High Court judgment, so we are still awaiting the final decision on the case to be handed down from the Appellate Division.

The unique student movement we saw this year propelled the issue of road safety into the limelight. Do you think there are any visible effects of these student protests on our roads today?

In terms of the situation on the roads, things have



Catherine Masud

changed very little because there remain fundamental structural issues in the transport sector that have not been resolved. However, I think the change has occurred in the minds of the people, particularly young people who provided a brave example to the country of what might be possible. The memory of what these young people achieved in those few short days cannot be erased, and the issues that they brought to public attention have also not gone away.

The much-anticipated Road Transport Act 2018 was passed in Parliament in September. Critics have observed that in the new Act, the right to sue for compensation (which was included in the Motor Vehicles Ordinance) has been replaced by the right to

apply for compensation from a Financial Aid Fund. What are your thoughts on this?

While the government is to be commended for this attempt to revise some of the outdated aspects of the earlier road transport legislation, with respect to the issue of compensation, the 2018 Act actually represents a step backward. The Motor Vehicle Ordinance 1983, under which we filed our High Court case, contained a provision for suing for compensation from not only drivers but also the transport company owners and insurers. This provision for compensation on the basis of vicarious liability is a standard one in many countries around the world, and is a fundamental necessity for ensuring accountability of those at the apex of the transport sector who are ultimately responsible for the negligence and misconduct of the vehicles they own or insure and the employees that drive them. Only when transport owners and insurers are made financially liable will lasting positive change come to this sector, as they will be motivated out of self-interest to make sure that vehicles meet safety standards, drivers are properly trained, licensed and paid, and traffic rules are enforced and obeyed.

But the 2018 Act removes the right of the victims of road crashes to sue for compensation from transport owners and insurers. Possibly it is the powerful lobby groups for these interests who ensured that this provision was dropped from the new Act, out of fear that the precedent set by our case would lead to a flood of similar cases.

In place of this provision, which should be a fundamental right, the new Act provides for a mechanism of monetary assistance through a vaguely defined "Financial Aid Fund", whose name implies charitable support to victims rather than true compensation for their losses and suffering. Although such a Fund may play an important role in providing more immediate, interim relief to victims of road crashes and their families, it can by no means replace a mechanism of legal compensation, but rather can play an important supplementary role. So with the Road Transport Act of 2018, the owners and insurers have been let off the hook, and they can proceed to operate with impunity as many thousands of lives continue to be lost every year.

Cities and climate change

SYED YUSUF SAADAT

URBANISATION is escalating worldwide. Hence cities are becoming increasingly crucial in dealing with climate change. According to UN Habitat, cities contribute to 70 percent of global greenhouse gas emissions whilst occupying only two percent of the world's land. Thus, urban areas are disproportionately responsible for climate change. This problem is projected to become more acute in the future.

UN Habitat estimates suggest that 60 percent of the world population will live in urban areas in 2030. While on the one hand, cities can be potential drivers of climate change, on the other hand, they can also be potential victims. This is because the consequences of climate change, which include rising sea levels and extreme weather events, can directly endanger cities.

production mainly for their own consumption, and not for the market. The capital per worker in the rural agricultural sector is low, so the productivity of labour is low. The implicit wage paid to workers is equal to the average product of labour, and is relatively low compared to the urban industrial sector. Since there is a vast pool of surplus labour in the rural agricultural sector, the marginal product of labour is zero, and workers can be extracted without reducing the total output of the sector.

On the other hand, the urban industrial sector is small in size, uses modern technology, and employs hired workers on explicit wages. The producers in this sector are capitalists who carry out production with the sole intention of maximising profit through sales in the market. The capital per worker in the urban industrial sector is high, so the productivity of labour is high. The explicit wage paid to workers is equal to

industrial sector increases overall output with no loss to the agricultural sector. This is because the marginal product of surplus workers is zero. In the urban industrial sector, total output exceeds the total cost of production which results in positive profit. This profit is immediately and fully reinvested into the business by the capitalist. The capital stock thus increases, which increases the demand for labour. More workers are attracted to the urban industrial sector from the rural agricultural sector. According to Lewis, this process will continue until all the surplus labour in the rural agricultural sector has been transferred to the urban industrial sector. This is when a country will reach a state of development, according to Lewis.

If one ponders upon the Lewis model, then its climate change implications become immediately obvious. While structural change may be conducive to development, it is detrimental to the environment. Urbanisation is

As people move into cities, each person's carbon footprint increases. Soon we reach a juncture where the accumulation of these enlarged footprints creates a huge dent in environmental quality.



Dark thick smoke billows from a chimney along the Dhaka-Mawa road near the newly-constructed central jail in Keraniganj on the outskirts of the capital. There are 15 to 20 brick kilns in the area and they emit poisonous smoke throughout the day,

PHOTO: ANISUR RAHMAN

In the case of Bangladesh, the urbanisation process can be explained using the two-sector surplus labour model, also known as the Lewis model. Lewis envisaged the developing economy as characterised by dualism, in the form of a rural agricultural sector and an urban industrial sector. In the initial stages of development, the rural agricultural sector is large in size, uses traditional technology, and employs family workers on implicit wage akin to a "work-sharing-output-sharing" basis. The producers in this sector are subsistence farmers who carry out

the marginal product of labour, and is relatively high compared to the rural agricultural sector. There is no surplus labour in the urban industrial sector, so the marginal product of labour is positive.

The rural-urban wage differential acts as an incentive for workers to migrate from the rural agricultural sector to the urban industrial sector. This process not only drives urbanisation, but also facilitates structural transformation of the economy. Transferring labour from the low-productive rural agricultural sector to the high-productive urban

accompanied by an increase in industrialisation and per-capita energy consumption, both of which exacerbate climate change. As people move into cities, each person's carbon footprint increases. Soon we reach a juncture where the accumulation of these enlarged footprints creates a huge dent in environmental quality.

Bangladesh's economy is also undergoing structural change in its development journey. According to International Labour Organization's (ILO) estimates, in 1991 the share of agriculture in employment in

Bangladesh was 69.5 percent, whilst the share of services in employment was 16.9 percent. However, in 2018, the share of agriculture in employment is projected to decline to 37.6 percent, whereas the share of services in employment is projected to increase to 41 percent. With such a trend in structural change, Bangladesh faces the threat of high temperature and increased greenhouse gas emissions.

Climate change is an existential threat to mankind. The problem is so significant, and the probable consequences of inaction so catastrophic, that procrastination in taking action to address this issue could be suicidal for humanity. In light of this, the following recommendations should be taken into account by policymakers and urban planners: (i) engage broader stakeholders and conduct a vulnerability assessment study to identify adaptive capacities of cities; (ii) identify issues, convert them to objectives, and mainstream climate change issues into urban planning; (iii) prioritise adaptation options through a clear implementation framework that integrates into existing policies, whenever practical and feasible; (iv) develop a monitoring and evaluation system to measure the implementation progress, and weigh up actions against objectives.

Cities contribute to and are affected by climate change. Therefore, by incorporating climate change considerations into our city planning and development, we can mitigate the adverse effects of urbanisation and design sustainable cities of the future.

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