

Are safe roads too much to ask?

Another life abruptly cut short

THE tragic death of 21-year-old Fahmida Haque Labannya, a third-year student of computer science and engineering at Brac University, on Thursday in a road accident in the Sher-e-Bangla Nagar area has left us speechless. Labannya was on her way to the university on an Uber motorbike, when a covered van reportedly hit the bike and ran her over near the National Institute of Cardiovascular Diseases. The van fled the scene after the accident.

Sadly, we are all too familiar with how the series of actions following Labannya’s death will likely unfold. The police will make statements to the media; there will be momentary outrage over Labannya’s death on social media and in newspapers; some culprits may never even be found; and, most obviously, nothing on our roads will change. Complete lawlessness will continue to prevail and protests and outcry will die down until another young life is cut short simply because we are apparently incapable of bringing a modicum of order on the streets. Never mind the fact that we are a country with middle-income aspirations that cannot even ensure basic road safety in the 21st century.

While the police have detained the bike driver for questioning, it goes without saying that no stone should be left unturned in the police’s efforts to nab the van driver who sped away after running the girl over. But most importantly, as has been said countless times before, there is an urgent need for political willingness to make our roads safe which seems to be sorely missing. It is no wonder that the people of the country remain hostage to the transport sector—which is simply unheard of in other parts of the world. This state of affairs cannot continue. Given the startling statistics related to deaths in road accidents, the lack of concrete action to enforce traffic laws is incomprehensible. That unnatural deaths on our roads are so common is in itself unnatural—and extremely frightening.

Killing our wetlands

Enforce laws to stop illegal urbanisation

A joint press conference organised by Transparency International Bangladesh (TIB), Bangladesh Institute of Planners, Bangladesh Environmental Lawyers Association (BELA), Nijera Kori and other environmental organisations on April 25 revealed that since the official gazette on Dhaka city’s Detailed Area Plan (DAP) was issued in 2010, the city has lost 3,440 acres of flood flow zones, water retention areas and water bodies available—which is 36 percent of the total 9,556 acres. The relentless encroachment driven primarily by illegal real estate activities in violation of the DAP 2010 is threatening the future sustainability of the city in terms of heat absorption, biodiversity and the ability to drain storm water.

The water retention bodies have been filled up and the data is mindboggling. Basila, Bashundhara residential area, Beraid, Amin Bazar, and North Uttara are some of the areas that have been worst affected. This has of course adversely affected the people who lost access to ancestral homes and lands. All this has been done in the name of development and progress and in gross violation of the DAP. But the reality is that in the absence of good governance and lack of enforcement of laws by Rajuk, the last decade has spelled doom for the natural biodiversity of the capital city and, today, we are facing the ills of too much built-up area where a mild shower can inundate major portions of the city. There can be no denying the fact that Rajuk, the custodian of Dhaka, is responsible for much of the floodplain loss. When Rajuk itself has encroached the protected area, how is it expected to compel others to uphold the DAP?

Environmentalists and city planners are of the opinion that existing laws need to be enforced if we are to get out of this mess. Perhaps the time has come to revisit how much land can be owned at the individual and corporate levels. We can no longer afford to have greedy real estate interests grab massive swaths of water bodies to turn them into commercial plots for their own benefit at the cost of Dhaka’s future.

LETTERS TO THE EDITOR

letters@thedailystar.net

Rainy season in Dhaka: A nightmare to come

While we are gradually moving towards being recognised as a developing country, the condition of Dhaka city during the rainy season does not make a cogent case to prove it.

Dhaka is one of the most populated capital cities of the world, and it has troubles ensuring fundamental facilities for city dwellers. The situation is a nightmare during the rainy season.

Several steps have been taken over the years by the authorities such as improving the drainage system and cleaning the sewage lines on a regular basis in order to ensure the flow of water without any interruption.

However, there has been no significant improvement in the situation. Almost all roads of the city get flooded even with a little shower. The traditional practice of digging of roads and sewage line cleaning programmes at these times make the situation worse for dwellers.

We, the citizens of Dhaka, are almost deprived of all the facilities of a developing country. We are highly concerned about surviving the upcoming rainy season.

Who will take the responsibility? We beg the utmost attention of the authorities concerned to take immediate steps to mitigate the crux of the problem.

Jubaeid Akram
By e-mail

FAHMIDA KHATUN and SYED YUSUF SAADAT

INTEREST rate is a much-talked-about issue as far as savings and investment are concerned. Though Bangladesh’s growth has achieved a new height by crossing the 8 percent mark, private investment has been hovering only around a little over 23 percent of gross domestic product. For a fast-growing country, such low investment reduces the possibility of higher job creation. Investors complain about high interest rate as a constraining factor. In fact neoclassical investment theory sees investment having a negative relationship with interest rate—that is, a rise in interest increases cost of capital leading to high cost of doing business. This, in turn, negatively impacts investment level. However, in reality, such a straightforward relationship is not observed.

With a view to attract private investment, there have been initiatives to reduce the difference between lending and deposit rates, termed as interest rate spread, by the central bank. The weighted average interest rate spread in case of the scheduled banks has slightly declined from 4.41 percent

In the eight out of nine years between 2010 and 2018, the amount of NPLs was so high that it would have been sufficient to pay for the combined national expenditures of education and healthcare as outlined in the budget.

in January 2018 to 4.15 percent in January 2019. The downward trend has prevailed since the last spike in June 2014. However, many banks continued to take advantage of lax regulations and



PALLAB BHATTACHARYA

come to an anti-climactic end. Had it come about, it would have been the show-stopper of the most riveting wrap-up of the marathon polling process that began on April 11.

It was Priyanka who set off the speculations on March 28 in the media as well as political circles when the Congress workers urged her to fight the election from Rae Bareilly, the bastion of the Gandhi dynasty in India’s electorally most crucial state Uttar Pradesh, and pat came her reply: “Why not Varanasi?” A smile had flashed across Priyanka’s face when she gave that cryptic reply. One could easily read it as a chuckle without risking misreading.

But as is common with a Gandhi family member’s remark, it seldom refused to go away. The intrepid media persisted with dogged tenacity and did not let go of any opportunity to ask Priyanka again and again at different places if she will contest against Modi in Varanasi. Recently, she said in reply to questions from journalists that she was willing to face the Prime Minister in the electoral battle if her brother and Congress President Rahul Gandhi asked to do so. Then came her husband Robert Vadra’s comment to the media that his wife would be a strong candidate against Modi. A few days later, Rahul, on being asked by reporters if his sister would be fielded against Modi, remarked: “It’s good to keep up the suspense.” Like his sister, a smile also floated across Rahul’s face. There was no mistaking that Rahul too chuckled while uttering the word “suspense”.

What, however, the comments by the siblings and Robert Vadra did was to contribute to the frenzied build-up in the media with its insatiable quest for something new, about the possibility of a Modi-Priyanka electoral face-off. It was not just the media. Barring the party’s apex leadership, the Congress circles

High interest rate: Is it in the public interest?



SOURCE: TECHCRUNCH

a lenient monetary policy to keep their average interest rate spreads above 6 percent.

Indeed, the prevailing interest rates are not market determined as envisaged by the central bank’s monetary policy statement for January-June 2019. Instead, the interest rates are being set by the banks. It appears that some banks have set their lending rates in tune with their own business interests. A high lending rate is not only a reflection of motivation for high profits, but also a sign of inflationary pressure and loan default risks, as manifested in the high volume of non-performing loans (NPLs) in the banking sector in recent years. In the eight out of nine years between 2010 and 2018, the amount of NPLs was so high that they would have been sufficient to pay for the combined national expenditures of education and healthcare as outlined in the budget.

Conventional economic theory suggests that higher risk should be compensated with higher return. In the context of banking, this implies that risky loans should be charged higher interest rates than the better

ones. In recent times, it has been quite the contrary in Bangladesh. Looking into sector-by-sector interest rate and NPL status reveals that in 2017, credit provided for consumer finance had a weighted average lending rate of 11 percent even though its average NPL rate was only 4 percent of total loan provided to the sector, while credit provided for trade and commerce had a weighted average lending rate of 10 percent, despite its average NPL rate being as high as 11 percent of total loan given to the sector. Thus, good borrowers were being punished with high interest rates while bad borrowers were being rewarded with low interest rates. This reflects a distorted market which calls for urgent attention on the part of the regulators.

It is shocking to notice that if inflation rate is accounted for, the real weighted average deposit rate in scheduled banks turns out to be below zero since January 2017. Hence, common people have little incentive to save their hard-earned money in the banks and watch it lose its value over time. The real interest rates on various forms of national savings directorate (NSD) certificates were around

6 percent. Thus, savings continued to be diverted into NSD certificates and away from the banks.

Ironically, in the absence of adequate social protection, the NSD certificate has transcended its role as a financial product, and transformed into a de facto social safety net mechanism. High real rate of interest on the NSD certificates means that the government is engaging in expensive borrowing to finance public expenditures. If national savings are directly channelled from the public to the government, then not only are banks deprived of deposits, but also the role of banks as financial intermediaries is seriously compromised. High dependency on NSD certificates also creates debt burden on the economy, as the government has to borrow at a high interest rate.

While the impact of interest rates on the behaviour of savers can be understood to some extent, the impact of interest rates on investment behaviour is not straightforward. A number of studies on the interest rate and investment nexus in Bangladesh have found a weak negative relationship between real lending rate and investment. This implies that high interest rate may influence investment only insignificantly. This finding is consistent with the ground reality. It is also in line with the World Bank’s Doing Business reports, which have repeatedly mentioned that in the context of Bangladesh, factors such as enforcing contracts, registering property and obtaining electricity are more important determinants of investment than getting credit. The “Bangladesh Business Environment Study 2018” also indicated that factors such as corruption, inadequate infrastructure and inefficient bureaucracy are more important than access to finance for investment in Bangladesh.

Among several challenges of the banking sector, high interest rate spread is only one. The government has to take the unpleasant task of reforms to rejuvenate the banking sector. This is not an easy task, as the banking sector is suffering from several problems due to poor governance for a prolonged period of time. Consequently, the government will have to address the problems of the sector in an uncompromising manner, in order to fulfil its promises for reforms.

Dr Fahmida Khatun is Executive Director and Syed Yusuf Saadat is Research Associate at the Centre for Policy Dialogue.

Modi-Priyanka duel: Anti-climax to a frenzied build-up



THE month-long feverish speculations about Congress Party General Secretary Priyanka Gandhi Vadra contesting against Prime Minister Narendra Modi in Varanasi parliamentary constituency has



Priyanka Gandhi Vadra.

down the line have always remained rife with speculations about Priyanka contesting the elections ever since she was drafted into the party and given the onerous responsibility of General Secretary in charge of the eastern part of Uttar Pradesh. That is but natural, given that many in the Congress regard Priyanka, with an ability to establish a rapport with the people much like Indira Gandhi, as more charismatic than Rahul.

There were two schools of thought in the Congress about the desirability of fielding Priyanka as a candidate. One view was that it would have had an electrifying effect on the party rank and file and infuse them with fresh energy in Uttar Pradesh, where the Congress has been organisationally not-so-healthy and forced to the sidelines by the BJP and Samajwadi Party-Bahujan Samaj Party combine. The other opinion within the party was regarding whether it would have been worthwhile to risk Priyanka’s fledgling political career by asking her to take up the nearly-impossible task of defeating Modi in Varanasi, particularly when she has a chance to contest from a safe seat to make a successful electoral debut.

Those in the Congress who disfavoured Priyanka as a candidate against Modi contended that this would have kept her bogged down almost entirely in Varanasi preventing her from what she is doing now—campaigning for the party across the country. Some analysts believe that had Priyanka contested against Modi, even a defeat after a close fight would have gone in her favour. But one must not forget that Priyanka does not need such a short-cut and quick access to political capital given the political family she belongs to. When she took the formal plunge in politics in January this year, it must have been a very well-thought-out move with a long-term view. The counter-view was that pitting her in such a tough battle would have been politically unwise. Priyanka does not need bravado to cement her place in the Congress or in politics and discretion is the better part of valour. There are reports in a section of the Indian media that Rahul and Sonia Gandhi did not want Priyanka’s electoral career to begin with a loss and Priyanka acceded to their decision. After all, Priyanka has a chance to have a much easier electoral outing from Amethi, where her brother is in fray

as an additional constituency—provided Rahul wins it and then decides to vacate it and retain the Wayanad seat.

A fall-out of the tame end to the spiralling speculations about Priyanka-Modi contest is that it has given the Congress’ main rival, the Bharatiya Janata Party, a handle to attack her. No sooner the Congress announced that its candidate against Modi in Varanasi would be Ajai Rai, who had finished a distant third in the previous poll in Varanasi five years ago, Finance Minister Arun Jaitley took to his blog to write that Priyanka “quietly chickened out of the contest” in Varanasi and the “myths” about her “stand eroded.”

So, how will the Congress’ decision to not let Priyanka fight against Modi be viewed? As a “self-goal”? Or will it dissipate the growing perception about her ability to revive the party as a powerful force against the organisational might of the BJP and the social combination of SP-BSP alliance? We will have to wait for May 29 to get the answer when votes in Indian national polls will be counted.

Pallab Bhattacharya is a special correspondent for The Daily Star.