

Beef up security measures

Arms trafficking must be stopped

AS this newspaper reported yesterday, transnational syndicates have apparently been using Bangladeshi territory to smuggle small firearms from one Indian state into another. Recently, investigators have, for the first time, recovered sophisticated arms like 12-chamber revolvers in Bangladesh during the arrest of three alleged smugglers from the capital's Sayedabad. The discovery of such weaponry is extremely concerning as it highlights the dangerous phenomenon of small arms in our country.

Small arms are generally responsible for killing more people than big arms. Because the presence of illegal weapons engenders conflict and shapes its nature, the authorities must keep in mind the long-term effects that the entry and trafficking of such small arms may have on our national security—especially since weapons trafficking is commonly linked with the drug trade as well as narcotics and extremism. Law enforcing agencies should look into whether the recent discovery of weapons is only the tip of the iceberg, and investigate whether other syndicates are using our territory to smuggle weapons across borders or to smuggle small arms into the country, as already there have been instances where small arms have been found on various campuses.

Moreover, as the recent incident shows, smugglers have a tendency to find new routes to smuggle arms due to strong vigilance at particular points; therefore, in order to combat such tactics, it is essential to plug all the gaps as much as possible. Because of the nature of the problem and the gravity of its various implications, the authorities must ensure that smugglers and arms trafficking syndicates have no room to establish a foothold in the country.

For an improved traffic management system

Address the fundamental issues

WHILE it is good to know of the many initiatives the government has undertaken to streamline the public transport sector, we would like to bring to the government's notice some basic issues that should be taken care of, if the government is sincere about bringing discipline in the transport sector. The Dhaka South City Mayor Sayeed Khokon has admitted that finding solutions to the city's traffic problems are proving to be difficult because of the failure of the service-providing agencies. While the issue of coordination among the various agencies must be addressed, the other underlying causes of traffic chaos, including unfit and unlicensed vehicles, traffic rules violations, should also be given due importance.

According to Bangladesh Road Transport Authority (BRTA), more than 4.58 lakh unfit vehicles are on the roads across the country and 1.68 lakh of them operate in the capital alone. Although, under the Motor Vehicle Ordinance 1983, vehicles must undergo mandatory fitness checks every year, BRTA estimates that a total of 71,218 vehicles have not had their fitness certificates renewed in the last 10 years. Since unfit vehicles are considered a key reason behind road crashes, taking these vehicles off the roads is something the authorities should consider seriously. In addition, the authorities must make sure unlicensed and underage drivers are not behind the steering wheels. Then comes the issue of traffic rules violations. We have hardly seen any action being taken against the politically influential people who, reportedly, violate traffic rules with complete impunity. If stringent punishment is given to the traffic rules violators, it would serve as a deterrent for everyone.

However, we are hopeful since the mayor, who heads a committee formed by the government to solve the city's traffic problems, has said that within two years the city-dwellers will see some positive changes. But over the years, we have heard of several initiatives being taken by the government to solve the myriad problems our transport sector has been faced with. The fact is that no substantive changes have been visible to the public. The government should, therefore, address the underlying causes of traffic chaos. Only promises will serve no one's interest.

Why infrastructure is crucial to our tourism growth vision



SABRINA RAHMAN

THE World Economic Forum recently published its Travel and Tourism Competitiveness Report 2019, which provides an insight into global trends and the state of the travel and tourism industry across the world. With international tourist arrivals reaching 1.4 billion in 2018—two years earlier than previously anticipated—this is clearly an industry that is expediting global connectedness and mobility. Currently, contributing to 10 percent of the world's GDP, the travel and tourism industry is, by some estimates, poised to take this number to 50 percent within the next decade.

But first things first: Bangladesh ranked 120 amongst the 140 countries that were considered for this report. We are at the foot of the table if ranked in the context of South Asia, where India (34), Sri Lanka (77) and Nepal (102) are—not surprisingly—ahead of us, and we only have Pakistan behind us, ranked 121. There is usually a general feeling of apprehension amongst industry stakeholders whenever a global ranking gets published. People's responses vacillate between polemics against the ranking system and a sense of general despair. Neither approach is completely desirable if we want to learn from these rankings, which is one of the major reasons for publishing these indexes. We should look at these indexes from a more analytical perspective and assess where we are within the world. This should guide us towards an honest reflection and some much-needed soul searching to understand why are we lying at the bottom of the list, despite having two of the most unique natural attractions of the world, in Cox's Bazar and the Sundarbans.

To understand the underlying causes behind the poor performance, let's take a look at the framework which was followed when building out the index. The index looked at four broad areas: enabling environment, travel and tourism policy and enabling conditions, infrastructure, and natural and cultural resources. These broad areas are further divided into 14 pillars, which themselves are subdivided into 90 indicators. The pillars encompass a variety of sectors including business environment, price competitiveness, tourist service infrastructure and natural

resources, to name a few. Amongst the pillars, which really are building blocks of this competitiveness index, Bangladesh is shown to have been severely wanting when it comes to infrastructure. According to the report, the tourist service infrastructure is one of the poorest in the world where Bangladesh has made no significant improvement in the last couple of years, with our ranking in this specific category remaining unchanged at 133.

Then if we look at the rest of the world, we can identify one of the biggest findings of this year's report: growth in tourism-friendly infrastructure—roads, ports, airports and hotel accommodation, for example—has languished at only

euros in the past decade on updating its roads, railways and airports, the benefits of which are being reaped right now. Infrastructure—including air, ground, port, and tourism services like hotel rooms and car rental services—plays a vital role in travel and tourism competitiveness, serving as the arteries of the industry.

But there is another side to this infrastructure investment story, that of overtourism, a phenomenon defined by tourists pouring into a destination and going beyond its capacity. Nowhere in the world is it truer than in Barcelona where the annual influx of visitors—32 million versus the city's 1.6 million residents—

attract a significant number of visitors internationally, also need to be better protected. For example, South America and Southeast Asia outscore the global average for natural resources by about 27 percent and 11 percent, respectively, but these regions scored below average for environmental sustainability. Consequently, many countries following this trajectory may be at risk of damaging the very assets that make great travel destinations.

The problems that we are facing in the 21st century are very different from what we faced in the last century. The very nature of technology, people and society is changing rapidly in the midst



1.4 percent. So, on one side of the continuum, we are seeing an increase in international tourist arrivals, and on the other side, there is a dearth of investment going behind developing infrastructure to support the tourists. This is easily a recipe for disaster in terms of sustaining the natural ecosystem and socio-cultural characteristics of a destination. It is quite evident that this is a problem not just for Bangladesh; the whole world is also struggling in that respect.

An example of investment in infrastructure done right can be Spain, a country which, not coincidentally, has topped the ranking for three years in a row. Spain had spent millions of

has caused a groundswell of anti-tourist sentiment among locals. Competition for accommodation has driven up real-estate prices and tourists have overwhelmed the city's coastal areas, in some cases accelerating shore erosion. A parallel can easily be drawn with Cox's Bazar in Bangladesh, especially during holiday seasons.

It is also worth remembering that competitiveness relies on more than just infrastructure. Emerging economies like Bangladesh also have more work to do when it comes to improving business environments, addressing safety and security concerns and reducing travel barriers. Natural assets, which

of what many people are calling a Fourth Industrial Revolution. Any tourism policy in today's world has to take into account the nuances of how the tourist experience changes in response to this global phenomenon. Investment in better infrastructure in a thoughtful manner is the beginning, but certainly not the only tool in the horizon of opportunities that the tourism sector brings with itself. Bangladesh's position will improve if we make an effort to develop our tourism policies considering the future, not based on what has worked in the past.

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The economic consequence of non-performing loans

MOHAMMAD ZONAED EMRAN

NON-PERFORMING loans (NPL) have become a worrisome issue for Bangladesh. Due to the ever-increasing volume of non-performing loans, our banking sector and the economy in general have taken a negative turn. According to newspaper reports, NPLs have already crossed taka one lakh crore, a first in the history of our banking sector. NPL accounts for 10.41 percent of the total loans given.

profitability.

Provisioning against defaulted loans will also jeopardise the financial health of many institutions. Banks have to keep provisions against their non-performing loans as per the central bank's guidelines. The provision amounts are kept aside from the banks' profits. When provisioning amounts become higher than the profits of a bank, it has to provision amounts from its capital, which can result in capital shortfalls. Capital shortfalls in turn hamper trade

accelerate the operating costs of the banks, which will increase the lending rates. This scenario will make it difficult for the good borrowers to get loans at reasonable rates. This might also result in borrowers not getting loans due to liquidity crunch. A soaring NPL may also exacerbate the liquidity crisis and banks' ability to pay the money to its depositors, which can potentially trigger the banks' reputational risk.

We have seen what consequences defaulted loans can lead to. There are

political grounds. Consequently, some third-generation banks were involved in massive loan scams which has resulted in significant damage to the financial health of the banking sector.

Issuing of loan to bad borrowers is another reason behind the rise of NPLs. Bank officials lack knowledge about the potential customers, thus they wrongly select bad borrowers who later turn into wilful defaulters.

Lack of good governance in the banking sector is another important factor behind the rise of NPLs. Big loan defaulters are getting various facilities to reschedule their payment of borrowed amounts. Due to lack of good governance, this problem is increasing. Enforcement of good governance—accountability, transparency and rule of law—can bring the banking sector to the right track.

Under our existing laws, it takes eight to ten years or more to resolve any bank-related case, especially those involving huge amounts. Moreover, there are many loopholes in the existing laws which work in favour of the loan defaulters.

The banking sector needs more stringent loan-issuing policies and their enforcement, in order to tackle the problem of NPLs. Bangladesh Bank should be given more authority and power so that it can take prompt initiatives to address the NPL crisis. Bangladesh should enrich its database and provide detailed information on loan defaulters, which can then act as a vetting factor in the selection process of clients.

Loan defaulters should be brought to book and their businesses should be curtailed. Bangladesh Bank officials should be able to exercise their power without fear and favour against loan defaulters. Political interference must be stopped in awarding loans and advances to borrowers. Governance in the banking sector should be made transparent and the governance bodies should be empowered to make objective decisions while issuing loans. It is only a combination of a strong political will and concerted efforts of all parties involved that can address the problem of non-performing loans; otherwise, the banking sector and our economy will have to pay the price for it.

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The figure was 9.31 percent in December last year. The rising trend of the NPL is bound to have a long-lasting negative impact on the country's financial sector.

If loanable funds are blocked as NPL, banks will not have enough reserve for issuing future loans, which will affect the economy in multiple ways. For example, it will hinder employment generation. The scarcity of loanable funds for private sector will widen the rich-poor gap in society. The rising trend of NPL will also have a negative impact on the banks'

activities with overseas banks.

It must be mentioned here that our state-owned banks and some private banks are also facing capital shortfalls due to loan defaults of a good number of big borrowers. In case of government banks, capital shortfall amounts had been replenished through public money; the government has spent thousands of crores of taka in the last decade to recapitalize moribund government banks.

The huge amount of NPL will

many reasons behind the rise of non-performing loans in the banking sector. First of all, political influence is one of the big reasons why defaulted loans are soaring. Political parties in power always use their influence to secure loans for the desired candidates. Over the years, many high officials have been appointed in the state-owned banks with political influence, who have put the banking sector in jeopardy by unethically giving loans to devious customers. A number of new banks were established on

LETTERS TO THE EDITOR

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Govt should impose tax on the tech giants

Bangladesh's IT sector has grown significantly in recent years. Consequently, more and more people are getting access to digital technologies and using smartphones in their everyday life. There are both good and bad consequences of this. One bad consequence, in my view, is having to be showered with repeated and often unwanted advertisements and promotional news popping up on Facebook, Instagram, Youtube, Twitter and other digital platforms—which are sponsored by various companies.

People are using these platforms and getting innovative ideas but it's important for our economy that the government, in consultation with the National Board of Revenue, imposes tax on the tech giants profiting from providing these platforms and services. For example, France has already imposed tax on these services. Some other European countries are also considering similar options to impose tax on them. Bangladesh should follow suit.

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