

FOUNDER EDITOR
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DHAKA SUNDAY DECEMBER 1, 2019, AGRAHAYAN 16, 1426 BS

Exporters turning away from HSIA

Consequence of failure to tackle inadequacies

H AZRAAT Shahjalal International Airport (HSIA) has been in the news for some years now. Security, or rather the lack of it had caused a lot of headache for the country's image. Now, there are other problems. The cost of sending cargo is one of the highest in the region and this, coupled with corruption and inefficient handling facilities, make HSIA no longer viable for air cargo shippers to use the airport. Today it is cheaper to send air cargo via Kolkata or Colombo airports and cost savings are anywhere up to USD 0.30 per kilogram (kg) and saving of a day in air freight.

HSIA has turned too costly for freight forwarders because the sole ground handler Biman charges eight cents per kg as terminal handling charge. A further six cents per kg have to be paid to the Civil Aviation Authority of Bangladesh for security activities. When these high charges are calculated, our premier airport ends up being more expensive than Singapore. Given that HSIA also lacks adequate cargo space to handle the growing volume of air cargo and allegations of "speed money" along with theft of goods have all come to a head and although there has been much talk about revamping the airport with new facilities, nothing substantial has materialised.

Progress on infrastructure development, reduction of charges, increase in efficiency, safety and security of cargo—none of these has been properly addressed over the last few years. Without addressing key bottlenecks that have been a sore point for freight forwarders for years, we are at risk of losing dominance in our own market. In today's inter-connected world, we have to do better, or lose out on precious revenue for both inbound and outbound cargo shipments as business move to foreign airports. For starters, there is great need to do a review of charges and introduce more ground handlers that will compete against one another to get business, which will inevitably lead to greater efficiency and cost reduction.

A learning trip that benefits no one

Selection of soon-to-retire engineers is a farce

IT was shocking to learn that a team of soon-to-retire engineers and an administration official have been chosen for an expensive learning trip to the UK and the US as part of a Tk 195-crore project. As a report by *The Daily Star* on Saturday revealed, of the four officials approved by the water resources ministry, one is a senior engineer who would retire in December. Another engineer has about five months before he too would retire. Yet another is an admin cadre officer. The spurious reasoning provided for their selection—that they will learn about digging canals, protecting river banks, restoring embankments, etc.—falls flat on its face when one considers that their experience and the knowledge that will be "acquired" are unlikely to help the said project in any way. What new knowledge can a couple of experienced engineers gather on something that they had been doing for decades? How are they going to use this "knowledge" in a project which is now midway through its tenure—and especially when they will soon no longer be a part of it? And what business does a non-technical officer have on a trip meant for technical personnel?

The whole idea of the two-week trip seems ill-advised. It will likely benefit only the selected officials, and no one else, even though their all-expenses-paid trip will be funded from the public exchequer. There is usually a process of selecting officials for such trips which, clearly, wasn't followed in this instance. Unfortunately, such foreign trips by government officials are not uncommon. Earlier in November, the water resources ministry also sanctioned another "experience sharing" trip by eight officials on similar grounds, and one of the officials chosen for the tour is a WDB chief engineer who would also retire in December. Such blatant waste of taxpayers' money is unacceptable. We urge the government to investigate these ill-advised trips and hold to account those involved in the selection and approval process.

LETTERS TO THE EDITOR

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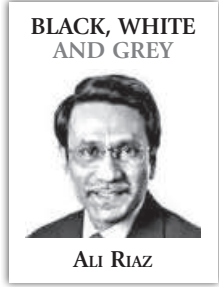
Prevention is better than cure

As a mother of three, I can confidently say that many children tend to give their parents a hard time when eating their meals. Even though all my children are teenagers now, they still make a fuss about their food.

They love eating out every now and then, which I think is OK as long as it is under control. But I have seen many families who, for convenience's sake, take the easy way out. Instead of making an effort to feed their children at home, they feel handing them some fast food will do just fine. Can't they comprehend the harmful side effects of these ultra-processed foods?

Now that there is an abundance of restaurants and fast food chains, eating out regularly has become normal. With no control over cholesterol and calories, these businesses cater to a large community of fast food connoisseurs. I feel if we do not regulate as parents what our children eat from early on, they will soon begin to suffer from obesity and other health hazards that entail such habits. It is high time we pressured our kids to move away from unhealthy diets and switch to healthier ones.

Leena M Khan, by email



BLACK, WHITE AND GREY

ALI RIAZ

THE influx of people from India crossing the borders to Bangladesh in the past weeks warrants the attention of Bangladeshi policymakers. Unfortunately, the foreign minister's recent statement that he has seen the news of "push in" from India in the media but wasn't informed officially, is not very reassuring in this regard. Those who have entered Bangladesh in the past weeks have reportedly said that they have left India because of the fear of the National Registry of Citizens (NRC) and various other pressures. This emerging phenomenon has two contexts; both need to be considered in understanding the trajectory. These two contexts are: Indian domestic politics and the Bangladesh-India relationship.

After the final list of the NRC in Assam was made public on August 31 there was an apprehension that this would encourage a slow and steady migration to Bangladesh from India, especially those who are left out of the list and those who are afraid that they might become the target of persecution. It was noted that India will not officially force people to Bangladesh, but a fearful situation will emerge, particularly for the Muslims; they will try to find refuge in Bangladesh. The Indian government's position would be that it will neither force nor encourage anyone to cross the border. The actions of the Indian government in recent days provide a different impression, however.

The drive to arrest "illegal Bangladeshis" in Karnataka in the past weeks is nothing short of creating fear in the wake of the ruling party's insistence on a nation-wide NRC. Not only have "illegal Bangladeshis" allegedly been arrested but they have been transported to West Bengal to be "pushed in" to Bangladesh ("NRC pushback: 60 Bangladeshi migrant workers brought to Calcutta for deportation", *The Daily Telegraph Online*, November 24). Indian human rights activists have raised concern about "due process" while euphoric BJP leaders of West Bengal have said that "fear of NRC" has started to work ("180 Bangladeshis arrested while fleeing India, NRC listed among reasons", *Hindustan Times*, November 24).

The BJP has now raised the spectre of the NRC through the country, completely ignoring the fact that the NRC process in Assam had a particular context. The six-year long (1979-1985) agitation spearheaded by the All Assam Students Union, and the Supreme Court's instruction in 2013 were not meant to be for anything beyond Assam. But now the BJP leaders, especially Narendra Modi-Amit Sha duo, is on a mission to make India the "Hindu Rashtra" and the NRC has become a tool to achieve that goal. Their "new India" is destined to make the Muslims permanent second/third class citizens.

On one hand, the BJP is demanding that the Assam NRC be scrapped while announcing that there will be NRC in all the states. The NRC in Assam was

intended to disenfranchise Muslims and subsequently identify them as "illegal Bangladeshis", "infiltrators". The Assam NRC delivered only a partial victory to the BJP. The "xenophobia" or "Islamophobia", engineered and propagated over the past years, has now become legitimised.

As the possibility of the national NRC looms large, Muslims are now in a dilemma as to what they should do. There is a suggestion that Muslims should boycott the entire NRC process and engage in civil disobedience ("Citizenship Tangle", *scroll.in.com*, November 23). The next step in the Muslim disenfranchisement agenda is the Citizenship (Amendment) Bill, or CAB. Proposed in 2016, this was stalled. But the election victory, success in abrogating Article 370 and having the Supreme Court verdict in favour of Ram Mandir, have boosted the confidence of the BJP to proceed with two goals—the CAB and the introduction of the Uniform Civil Code. The nationwide NRC will precede CAB, said Amit Shah; which implies that those who will lose their citizenship claim due

language that is no different from their Indian counterparts. For more than a year BJP leader Amit Shah has been describing the so-called illegal migrants as "Bangladeshis", comparing them with "termites" and threatening to throw them into the Bay of Bengal. The Bangladesh government has maintained silence about these statements. Similarly, there was no reaction when General Bipin Rawat, chief of the Indian Army, claimed that there is an ongoing planned migration from Bangladesh, as a proxy war against India by Pakistan with the support of China ("Illegal immigration from Bangladesh planned", *The Hindu*, February 21).

In the past decade, the Bangladesh-India relationship has become very close. Some has described it as the golden era. Despite such closeness, the balance sheet of the relationship seems disproportionately in favour of India; economic, political, geo-strategic, whatever prism is used. There is a widespread perception that Bangladesh has conceded more than what it received from India, as Ambassador Humayun Kabir mentioned in 2015 ("Changing

countries often highlight. While the PM was accompanied by a large contingent of journalists from Bangladesh on both occasions, these discrepancies were not reported by any of them. Were the Bangladeshi reporters thinking that such a "negative" report would harm the bilateral relationship? Were they under the impression that the Bangladesh government wouldn't like such a portrayal of the relationship? This only demonstrated the "super sensitivity" of the Bangladeshi media towards news about the Indo-Bangladesh relationship. In the following days the *Ananda Bazar Patrika's* report was reprinted, in some variation, in almost all the major media outlets in Bangladesh.

The official relationship between the two countries and political dependence of the ruling party is well-known; and they are guided by political considerations. But there is no legitimate explanation for the media's "super sensitivity" and avoidance of inconvenient truths except to suggest that they are acting at the behest of the government. Even if those in the media may not be able to comprehend it, the



People check their names after the publication of the final list of the National Register of Citizens (NRC) in the Morigaoan district, Assam, on August 31, 2019.

PHOTO: AFP

to NRC will have the opportunity under the CAB, except for the Muslims.

These domestic political intrigues have engendered the influx to Bangladesh. The number may swell after the CAB is passed. The impact of the CAB is unlikely to remain within Indian borders. The BJP is not unaware of the possible consequences, especially the possibility of a mass migration to Bangladesh. But the Indian government and the ruling party is not concerned because of the current state of the India-Bangladesh relationship. This is the second context of the current rise of migration from India.

The Indian government has repeatedly said that Bangladesh has nothing to worry about from the NRC. The assurance has satisfied the Bangladeshi prime minister (*Indian Express Bangla*, October 4); this was echoed by the foreign minister even after the recent influx (*The Daily Star*, November 26). Bangladeshi officials and ministers are speaking in a

Relations Between Bangladesh and India: Perception in Bangladesh," *India and South Asia: Exploring Regional Perceptions*, ed. Vishal Chandra, New Delhi: IDSA and Pentagon Press, 2015. p. 38). One of the dimensions of this relationship is political—India has extended unqualified support to the ruling Awami League for the past decade. The AL's political dependence on India has increased since 2009.

Despite such an intimate relationship between these two countries, often Bangladeshis have to rely on the Indian media regarding news as to what is happening between these two countries. Take, for example, the recent report on the Bangladeshi prime minister's visit to Kolkata in the *Ananda Bazar Patrika* on November 24. The report titled "Cold Reception to Ally Hasina: Delhi is on the Dock" suggested that the PM's reception in Kolkata in November and in New Delhi in October were inconsistent with the protocol and the relationship both

perception among citizens is as such. This is not a single incident that we can simply brush off; there are other instances. For example, until the Indian media reported the issue of a possible military agreement between Bangladesh and India, the Bangladeshi media remained silent. This is hardly a matter of incompetence or weakness of the media.

The absence of a balanced discussion on the Indo-Bangladesh relation in the media shouldn't provide an impression that the official narrative is being accepted as the only perspective. The influx, as a result of the NRC, whatever the extent of it, will bring the broad issue of the relationship into the public discussion. The question is, can the Bangladeshi media allow the space to have this broad question debated along with the recent events?

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Sale of non-performing loans to asset management company



MACRO MIRROR

FAHMIDA KHATUN

WHILE Bangladesh is feted for being one of the fastest growing economies in the world with a growth rate of 8.13 percent in fiscal year 2018-19, its banking sector is in the grip of despair. All major parameters of the banking sector indicate its persistent fragility. Reforms in the banking sector have not been in sight for long, even though the sector has been grappling with huge governance crisis for more than a decade or so. Needless to say, that as Bangladesh prepares for graduation from a least developed country to a developing country and from a lower middle-income country to an upper middle-income country, it has to prepare for a sound financial system which will provide seamless access to finance for development. Regrettably, the policymakers seem to be unwilling to comprehend the headwinds of the banking problems and take up the required reform agenda.

Recent data reveal that the amount of non-performing loans (NPLs) has touched Tk 116,288 crore in September 2019. This is equivalent to 11.99 percent of the total outstanding loans in banks. And, NPLs are clearly not a problem of the state-owned banks only. It is also a serious problem in the private commercial banks. Additionally, as of June 2019, loans worth Tk 54,464 crore were written off. The opportunity cost of this money is huge for a poor country like Bangladesh. If this was allocated for social protection, the annual budget of all social safety net programmes in Bangladesh (except pension for government officials) could be doubled.

In the midst of such a non-stopabble

practice of loan default, Bangladesh Bank issued a circular on May 16 announcing that defaulters would be allowed to pay only a 2 percent down payment and loan repayment period will be 10 years, with a one-year grace period. Moreover, rescheduled loans were to be repaid at only 9 percent interest rate, which falls in the range of the lowest interest rate in the country. Bad borrowers getting longer time to repay loans than good borrowers is baffling as it clearly encourages the perverse behaviour of borrowers.

While the banking sector is saddled

in the financial world. However, the formation of a PAMC for reducing NPLs in Bangladesh raises a few questions. Do we have the pre-conditions which should be in place in order for the AMC to function? Are we willing to create an enabling situation for the PAMC to function? We forget that the fundamental problem of Bangladesh's banking sector is the total absence of governance and that the problems are structural in nature. So the first and foremost requirement is to ensure that there is a strong government commitment for comprehensive reforms



with huge amount of NPLs, it has been reported that recently, the Asian Development Bank has proposed to the ministry of finance to reduce NPLs through forming a public asset management company (PAMC). The finance ministry is also reported to have informed the media that the government would formulate a special law to set up such a PAMC so that the PAMC can purchase NPLs from banks and sell those off to individuals or corporate entities.

The use of AMCs to solve distressed assets of banks is a common practice

to strengthen institutions and ensure public accountability.

Also, functioning of the AMC has to be backed by a strong legal framework. Unfortunately, Bangladesh's banking sector, in its current situation, is not only a source of crony capitalism but is also guided by outdated and dysfunctional legislation. There is no law for distressed asset take over, restructuring and additional collateralisation by banks when borrowers default. Hence, in the present context, an AMC could create more problems for the banking sector

instead of solving the existing ones.

Moreover, in operationlising a PAMC, the government has to inject an initial equity which acts as the working capital for the company. Evidences of many countries suggest that the initial capital provided to an AMC by the government is rarely recovered. This is usually considered as the sunk cost of the crisis that is borne by the government. It is to be seen what will be the amount of this cost in case of Bangladesh.

It is important to understand that the PAMC is not a magic wand for reducing NPLs. Because an AMC does not function in isolation and the solution through AMC is not straight-forward. Setting up and operation of a PAMC is expensive. Therefore, such a company should only be established if the above-mentioned preconditions are met.

The other issue is that of potential investors. Which individuals and companies will invest in the PAMC? Local or foreign? Can the authorities guarantee a transparent process in case of local investors? Do local investors have experience and corporate governance? Which foreign investors will come forward? When foreign investment in the capital market and banks of Bangladesh is not encouraging, then how much interest will foreign investors show to invest in the PAMC? We have seen global private equity firms such as the Carlyle group playing an important role in salvaging distressed asset-burdened banks in countries such as China, India and South Korea. Can our PAMC attract Carlyle or similar companies to rescue our banking sector? Can our policymakers give them confidence?

Without resolving the above issues, the idea of PAMC is like old wine in a new bottle.

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