

When will Janata Bank’s troubles end?

Its failure to reach all targets set by the central bank raises a red flag

It seems the state-owned Janata Bank PLC is stuck in a quagmire of bad performance and questionable banking practices. A compliance report prepared by the Bangladesh Bank’s off-site supervision department on four state-owned commercial banks—Janata, Sonali, Rupali and Agrani—found that, during the period of January-June 2023, Janata Bank underperformed on all the metrics set to evaluate performance improvement. Given the fact that Janata has the second largest volume of deposits and loans in the country, we are alarmed by this state of affairs.

Our central bank has been setting a number of biannual performance improvement targets since 2007 to evaluate the banks’ performances, with a greater aim of improving their financial health. These targets include recovering cash from loan defaulters, bringing down defaulted loan ratio, improving capital base, improving credit growth, boosting profitability, etc. Let’s take improving large loan portfolios for example. The banking regulator set ceilings for large loan portfolios of these four banks based on their respective defaulted loan ratios. According to the BB report, Janata crossed the limit by a large margin during the January-June period: as of June 30, as much as 64 percent of the bank’s total loan portfolio was large loans, while the ceiling was set at 30 percent. In comparison, Agrani Bank’s large loan portfolio was 34 percent against its ceiling of 30 percent, Sonali Bank’s was 48 percent against a 38 percent limit, and Rupali Bank managed to keep its large loan portfolio under its 34 percent limit.

Not only that, while the central bank asked these state-owned banks to reduce credit concentration in their respective top five branches, Janata’s credit concentration in its top five branches increased instead. In cash recovery from defaulted loans and reduction of classified loans, too, Janata fared the worst among the four banks. We cannot help but wonder: why this consistent bad performance?

In these circumstances, the Janata Bank management has made some moves that seems suicidal. For example, one of its top large borrowers, AnonTex Group, which boasts an annual turnover of \$150 million, has failed to pay off a staggering Tk 7,726 crore of loans (as of December 2022) to the bank, yet the bank has been overtly lenient to the RMG manufacturer for more than a decade, not classifying its loans as per banking regulations. Why be so accommodating to a known loan defaulter, especially when the bank is suffering with low profits and liquidity crisis?

That our banking sector is rife with financial irregularities is not news. And our state-owned banks have historically exhibited lenience to big lending irregularities often caused by undesirable influences. But when the country is going through an unprecedented financial crisis, we expect the relevant actors to step up and act accordingly to stop our banks from haemorrhaging money. Sadly, both the Janata Bank management and Bangladesh Bank, not to mention the higher financial authorities, have failed on this front. We can only hope that the bank management will take the BB compliance report with due caution and do what’s needed to improve its performance.

A damning report card for the NHRC

It is failing the people

An evaluation by the Asian NGO Network on National Human Rights Institutions (ANNI) has given Bangladesh’s National Human Rights Commission (NHRC) the second lowest score among its counterparts in South Asia. It reflects the frustrations of the country’s human rights organisations that have been, for years, trying to highlight the challenges that the commission faces in carrying out its mandate, which is to promote and protect rights of the people. The primary challenge is a lack of autonomy because of the influence and control of the government, which significantly curtails its ability to investigate and act against state agents committing human rights violations.

The report, released on November 25, states that the NHRC suffers from a lack of transparency in the members’ selection process and limitations regarding its ability to investigate allegations against law enforcement agencies and security officials. Even though the NHRC is independent by law, it is dependent on the government for its budget. The NHRC Act stipulates that the commission can investigate any matter at any time when the government fails to respond to its request for a report, but this has not happened till date. The government and its institutions, meanwhile, have often ignored the NHRC’s requests and queries about human rights violations by state agents.

The deteriorating human rights situation in Bangladesh demonstrates the NHRC’s lack of power and independence. Indiscriminate arrests of political activists and leaders of the opposition, extrajudicial killings, enforced disappearances, surveillance of dissidents, and abuse of the (former) Digital Security Act to clamp down on freedom of expression have cast a dark shadow on our human rights situation, with the NHRC playing no role in addressing them. Human rights defenders allege that when the commission receives complaints from victims or victims’ families, it informs the authorities, but rarely does it follow up on these cases to ensure that these complaints are addressed. Families of the victims of enforced disappearances and custodial torture have alleged that the NHRC did not respond to repeated letters and calls. Human rights defenders, too, have been subjected to unlawful surveillance, arrests and intimidation with no attempts from the commission to protect their rights as it is mandated to do.

If the NHRC cannot investigate allegations of abuses committed by law enforcement agents and if it cannot hold the government accountable, what is the point of having such a commission? The government, being a signatory to international conventions that guarantee human rights, is obligated to ensure that the NHRC is independent and empowered to do its job.

How did Bangladesh fare in UN’s human rights review?



Kamal Ahmed is an independent journalist. His X handle is @ahmedkai

KAMAL AHMED

The recently-concluded Universal Periodic Review (UPR) of Bangladesh’s human rights record has been quite a surreal event. When the local media reported arrests of more than 10,000 BNP activists, including its top leaders, centring the party’s October 28 rally, diplomats in Geneva were told that Bangladesh had ensured abundant political space for the opposition. Law Minister Anisul Huq, who led the Bangladesh delegation and placed its progress report on implementing recommendations of the 2018 UPR, said the country was fully committed to upholding fundamental principles and legal obligations of human rights.

Certainly, there was no dearth of diplomatic niceties among the representatives of 110 countries, as almost all of them applauded Bangladesh for engaging in the process. But the recommendations they put forward were nothing close to praising the state of human rights in Bangladesh; rather they reflected deep concerns over the worsening situation. But the minister, in his post-UPR media briefing arranged over video, told journalists in Dhaka that 90 percent of the countries had praised the state of human rights in the country and made constructive recommendations.

Calls for independent, transparent investigations into cases of alleged enforced disappearances and ratification of the much-discussed convention on disappearances got louder at this UPR, despite Bangladesh’s continual denial of such occurrences. In the third UPR, Bangladesh disagreed that extrajudicial killings or enforced disappearances occurred frequently, and claimed that its legal system did not recognise those terms. Nearly a dozen nations—including ones in Africa and South America, which had their own past of using such actions to silence dissent—have called on Bangladesh to stop pursuing such methods and ensure accountability for past events.

Similarly, about a dozen countries urged Bangladesh to ratify the Optional Protocol of Convention against Torture (OPCAT), which had also been recommended by the UN’s expert group Committee against Torture (CAT). They have also called for independent investigations into allegations of torture against members of law enforcement agencies (LEAs) and ensuring the trial and punishment

of the guilty.

Had the international community believed in our explanation—that any violation of the law by members of LEAs was dealt with using the existing legal provisions, and the law did not provide any kind of immunity to them—would they have given their “constructive suggestions”?

The government’s claim of ensuring all rights to the opposition fell flat on its face as more than a dozen countries called for ensuring the right to freedom of peaceful assembly, association and expression for all, and amending the newly enacted Cyber



VISUAL: SALMAN SAKIB SHAHRYAR

Security Act (CSA), which replaced the notorious Digital Security Act (DSA). In addition, two countries, Canada and Belgium, have suggested repealing the CSA. All these countries believe that the new law is also adversely affecting the freedom of opinion and expression and is a hindrance to independent journalism in Bangladesh.

Apparently, the highest number of recommendations came for abolishing the death penalty and an immediate moratorium on all pending death sentences, closely followed by ending violence against women and children. Even a country like Russia, known for

administration of justice in Bangladesh faced significant challenges, raising serious doubts about its independence and ability to deliver justice.” It also said, “...incidents of extrajudicial killings and enforced and involuntary disappearances, with impunity for law enforcers, and the serious concerns regarding the independence of judiciary had led to a breakdown of trust among the population.”

Issues of persecuting human rights defenders, such as Odhikar and its two executives Adilur Rahman Khan and Nasiruddin Elan, harassment and intimidation of NGO members

are quite the opposite. The ongoing crackdown against the opposition, the unusual and unfair fast-tracking of trials and convictions of opposition activists en masse, and making the election a one-sided affair by removing and disqualifying the most potent challengers are some of the disturbing developments that run contrary to the government’s pledges at the UPR plenary. It’s quite excruciating to see someone boasting about accepting eight out of nine core conventions of human rights, but starkly disregarding the values and obligations enshrined in those instruments.

Five ways to raise garment worker wages



Mostafiz Uddin is the managing director of Denim Expert Limited. He is also the founder and CEO of Bangladesh Denim Expo and Bangladesh Apparel Exchange (BAE).

MOSTAFIZ UDDIN

After many months of negotiations, the national minimum wage for garment workers in Bangladesh was formally announced last week—Tk 12,500 (\$114). This has been met with mixed reactions. Unions and worker rights groups argue that the increase should have been greater, while factory owners justify the new wage by saying that it is a 50 percent hike.

I am not here to discuss the merits of either of these arguments. Instead, I want to explore how we can increase wages, focusing on five potential strategies and outlining the pros and cons.

The first way is through advocacy. This involves collaboration between labour unions, non-governmental organisations (NGOs), and other stakeholders to promote policies that establish minimum wage standards, ensuring that workers receive compensation commensurate with their efforts. Governments can play a crucial role by implementing and enforcing such policies, creating a legal framework that protects the rights of workers and guarantees a living wage.

Advocacy efforts in Bangladesh have been part of the national dialogue

centring wages for several decades. The pros of such an approach is that it is democratic and collaborative. It brings in many different voices and organisations, which can help spread the word.

There are no downsides to such efforts. However, it is debatable as to how much impact such work has had in Bangladesh, where the garment industry at times appears to be trapped in a cycle of low wages despite the best efforts of rights groups and unions.

The second strategy involves promoting transparency and accountability in the fashion industry’s supply chains. Many major brands and retailers source their products from factories with low-wage labour, often in developing countries. Through encouraging transparency in these supply chains, consumers can make informed choices that support companies committed to fair labour practices. Brands, in turn, can be held accountable for ensuring that workers throughout their supply chains are paid fair wages and provided with suitable working conditions.

Transparency can, indeed, help shine a light on supply chain issues.

When consumers find out more about the people who make their clothing, they can urge their favourite fashion brands to support pushes for better wages for garment workers.

That said, transparency has its limitations. Initiatives such as “Who made my clothes?” have been around for many years. Have they made a difference to garment workers? Have the impacts of such efforts fed through to better wages? There is very little evidence to suggest this is the case. Perhaps Western consumers have become blasé about such issues; maybe they are happy to purchase extremely cheap clothing while turning a blind eye to the social issues associated with it.

Option three is to improve factory efficiency so that any salary increment can then be more easily absorbed, making it possible to pay workers more. Look at the example of China, where salaries are higher than Bangladesh: it remains the top apparel producing and exporting country.

Improving operational efficiency involves taking a closer look at all aspects of a factory—including knitting, yarn cost, dyeing, weaving, printing, washing, dry processing, embroidery, accessories and embellishments. Above all, owners need to consider profit margins and think how broader savings can be made to help push a larger share of the budget to wages.

Elevating the skills of garment workers can lead to increased productivity and, consequently, higher wages. Investing in training

programmes that enhance workers’ capabilities not only benefits the individuals involved but also contributes to the overall competitiveness of the industry. Governments, businesses, and NGOs can collaborate to establish vocational training initiatives that empower workers with the skills needed for more specialised roles within the garment sector, leading to higher pay for skilled labour.

I am a big supporter of this approach. Rival countries such as China and Vietnam have increased wages by upping training and productivity and enabling workers to produce higher value added products.

There is no downside to this approach, and the push to improve skills in Bangladesh is a major theme within the industry. This will, however, take time, especially as Bangladesh has become somewhat typecast as a low-value, low-cost option among buyers. On this front, we need to change perceptions.

Finally, there is a legally binding option to increasing wages. Here, in a similar way to the Bangladesh Accord, we would create a platform for buyers, suppliers, NGOs, unions and rights groups to sign up to a programme for agreeing on minimum standards on purchasing practices. This would cover prices paid for orders with a target of funding better wages. There is already a successful, replicable model available, which is the RMG Sustainability Council (RSC).

With all these choices in our hands, what are we waiting for?