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FOUNDER EDITOR: LATE S. M. ALI

Get rid of the money laundering menace

BFIU must be empowered to do more to prevent it

The latest annual report of the Bangladesh Financial Intelligence Unit (BFIU) is a stark reminder of how the country's financial sector continues to languish in disarray, despite frequent calls over the years for ensuring discipline and strict regulation. According to the report, at least 14,106 incidents of suspicious transactions and financial activities were reported in FY2022-23, which marks a 65 percent rise from the FY2021-22 estimate. Of these reports, 91 percent came from the banks alone, and the rest from non-bank financial institutions (NBFIs), capital market intermediaries, remitters, and others.

The BFIU chief said the sharp rise in suspicious reports does not necessarily indicate a rise in irregular financial activities, but we find it hardly convincing, especially given the frequent media coverage of illicit activities in the sector. The report also mentioned how trade-based money laundering has not seen any substantive decline because banks are reluctant to check pricing anomalies, and that 85 percent of money laundering is conducted through trading. The question is, why does this situation continue to persist?

We have known for a long time that mis-invoicing is a major avenue to syphoning money off the country, yet there have been no effective steps from the authorities to prevent it. In this regard, we want to know about the extent of the BFIU's authority as the country's anti-money laundering agency. Is it supposed to just compile reports of suspicious activities and forward them to other relevant agencies? Isn't it supposed to track all avenues of money laundering and take actions accordingly? From the look of things, we cannot help but assume that either the BFIU is incapable of doing what it is supposed to do—legally and/or logistically—or its authority is deliberately curtailed. This is further reinforced by the BFIU chief's statement that strong political will is needed to deal with money laundering, particularly cases involving big names.

Money laundering has long been draining our economy, exacerbating the dollar crisis and other financial woes. We, therefore, demand proper investigation into all suspicious financial activities reported to the BFIU, and urge the government to empower the agency so that it can function as a proper financial intelligence organisation, with full independence and credibility. We also urge the government to urgently introduce necessary reform measures recommended by experts to bring discipline to the country's financial sector.

Teacher crisis hurting medical colleges

Govt must address issues plaguing them for healthcare's sake

It is alarming to learn of the crises that continue to plague government medical colleges across the country. According to a report, some of these colleges lack their own hospitals. The lack of importance given to fundamental courses as opposed to clinical subjects, which hold allure for many students given their professional prospects, is another issue. But one problem that dwarfs all others is the severe shortage of teachers, compromising not just the education of aspiring doctors but also the future of our healthcare system.

This is not a new phenomenon, nor are medical colleges the only ones to suffer from it, but its persistence points to a systemic issue that needs urgent interventions. As per the latest estimate, 42 percent of teaching posts in the 37 government medical colleges remain vacant. While there are 5,920 teaching posts for basic and clinical subjects, only 3,461 are currently occupied. In the Cox's Bazar Medical College, for example, there are 42 vacant posts out of 95, with 12 out of the 15 professorial posts unfilled. With no hospital of its own, its students are also forced to travel to the district hospital for practical lessons twice a day, resulting in a significant loss of study time. The wider ramifications of these problems cannot be overstated.

The question is, why are the authorities allowing these to persist year after year? Apparently, it has something to do with a power struggle and lack of coordination among the officials of the Health Services Division and the Directorate General of Medical Education, leaving colleges understaffed and students underserved. The teacher issue also featured prominently in a recent conference attended by the health minister. We hope that the authorities will take meaningful actions in this regard, including removing systemic barriers, allocating sufficient resources, and streamlining the process of teacher recruitment, retention and development. As an expert has suggested, they can also consider bringing properly educated upazila health officers to the colleges. Ensuring the integrity and quality of these colleges is of utmost importance.

LETTERS TO THE EDITOR

letters@thedailystar.net

We need more books in different dialects

We have a notion in our culture that the standardised dialect of Bangla, *Promito Bangla*, is somehow superior and more *shuddho* (pure) than other dialects. This notion is not only wrong, as this version was singled out by our colonisers for their own benefit, but it also bars other dialects to flourish, in terms of literature, knowledge creation, access to governance and so on. One of the primary indications, and mechanisms of enriching a language is to write books in that language, in that dialect. However, we see very few books which celebrate nuances of different versions of our language, most probably because we mentally undermine various dialects. I think we need to actively work against this stagnation, and welcome more books in different dialects of Bangla.

Nondita Akter
Eskaton

'Deeper analysis of internal dynamics within supply chains is crucial'

Hossain Zillur Rahman, executive chairman of Power and Participation Research Centre and former adviser to the caretaker government, discusses the nuances of inflation in Bangladesh with Naimul Alam Alvi of The Daily Star.

What are the main factors behind the inflation affecting Bangladesh recently?

It is a reality that market prices fluctuate, but the specific reasons behind these fluctuations can be complex. In Bangladesh, the prevailing perception is that once prices soar, they rarely plummet again. This creates a sense of helplessness among consumers and is a mindset imposed on the market by traders.

Three key stakeholders contribute to this dynamic: producers, consumers, and businesses, with the government acting as an influential backdrop as it wields policy and administrative instruments, significantly impacting market behaviour.

For effective analysis, it is essential to categorise the products under consideration. Domestically produced goods and imported goods have distinct price dynamics and require separate evaluations. In the case of domestically produced goods, there is a need to look at the interests of the farmer or the producer. We need to

goods, the cost increases as they go through the supply chain to reach end consumers. While reasonable margins are expected, evidence suggests that certain groups exploit the chain to gain profits in excess by influencing market management. This lack of discipline stems partly from the potential blurring of lines between the government and interest group representatives who sometimes hold government positions. Consequently, the government exhibits a lack of both intent and capacity for dynamic and responsive market management. Recent years have shown a further decline in both, evident in the absence of thorough price monitoring and interventions. For example, agricultural produce prices traditionally decline during harvest seasons. However, even when farmers receive fair government procurement prices, local influential actors exploit the system, ultimately paying farmers less.

In the case of imported goods, similar market management issues come into play. While the government assumes

the other hand, various reports say that the middlemen are also victims of extortion (and other non-economic factors) and so the risks they face are increasing, which is why prices are also increasing. Is there any way to organise this and bring it under government monitoring?



FILE PHOTO: STAR

Hossain Zillur Rahman.

A nuanced understanding of the issue is crucial. Not all "middlemen" are villains. Many small traders within the supply chain play a vital role in maintaining product flow and incur economic and non-economic costs for, say, transportation and extortion. These legitimate costs can justify price adjustments. But concerns arise when the adjusted prices are unreasonable or inflated.

For example, the recent fuel price fluctuations highlight this dynamic. While global fuel prices dropped, domestic transportation costs remained high, partly due to Petrobangla's profit margins. This translates to increased costs for smaller traders who cannot absorb them entirely, impacting final product prices. So, transportation costs have not decreased, and the traders who keep the supply chain in order are also forced to increase their prices.

The main problem is that there are some big players here who try to manipulate the market using their economic and political influence. They are the ones who unreasonably increase the market prices for specific products in the supply chain, wherever they spot an opening to do so.

It would be wrong to think

that the market can be controlled administratively. What we need is an improved market management, which would at first include taking technical measures, such as improving transportation for traders (perhaps by improving the transport sector overall), improving market centres, and improving information flow.

Second is the political aspect. These big businessmen, the middlemen, reduce supply sometimes and increase it at other times, based solely on their own convenience. Essentially, they control supply to increase inflation.

The government should deal with these middlemen politically, administratively and sensibly, since they control a large part of the supply and could create market crises. Faced with consumer pressure, governments often soften their stance towards these influential actors. This is partially due to the power these individuals have amassed within the political system, blurring the lines between economic and political power. Consequently, a critical lack of both intention and capacity arises from within the government to effectively manage the market and regulate these influential figures.

What steps should be taken to control inflation now?

A deeper analysis of the internal dynamics within supply chains is crucial. To this end, I propose the urgent development of an independent and credible white paper focusing on specific critical products like vegetables, rice, meat, edible oil, and baby food. This state initiative should avoid whitewashing and instead facilitate rigorous investigation by independent experts to identify the root causes of inflation, as well as come up with potential solutions. Such analysis must be grounded in real-world conditions, transcending theoretical discussions.

Immediate reactions like market raids or ministerial inspections are unlikely to provide sustainable solutions. Instead, a commodity-specific market management approach is needed, focusing on the aforementioned essential products. This should be achievable even within a month. A white paper for inflation will serve as a test of the government's commitment to transparency and proactive action in combatting inflation.

For effective analysis, it is essential to categorise the products under consideration. Domestically produced goods and imported goods have distinct price dynamics and require separate evaluations. In the case of domestically produced goods, there is a need to look at the interests of the farmer or the producer. We need to see what the producer is getting versus how much the consumer is paying—that is, the margin between the two. We also need to examine if the margin is unreasonable. In the case of imports, the business community has a role to play, and so does the government.

see what the producer is getting versus how much the consumer is paying—that is, the margin between the two. We also need to examine if the margin is unreasonable. In the case of imports, the business community has a role to play, and so does the government. For example, when the government allows imports, we need to see how much duty is imposed on those.

Inflation in Bangladesh arises from the complex interplay of three main factors: the government's market management, monetary policies, and internal market dynamics.

In the case of domestically produced

adequate market supply, it overlooks the specific groups disproportionately affected by inflation.

Again, both the intent and capacity for dynamic and responsive market management fall short. This decline manifests in the absence of comprehensive price monitoring and interventions, further amplified by the aforementioned market psychology.

A chunk of the supply chain is still unorganised and outside the government's scope of monitoring. On the one hand, this gives various groups the opportunity to raise prices, as you mentioned. On

Hybrid rule 3.0 in Pakistan?



Zahid Hussain is a Pakistani journalist and author. His X handle is @hidhussain

ZAHID HUSSAIN

It has been almost two weeks since the general elections were held on February 8 in Pakistan, but as yet, there is no sign of a new dispensation taking shape. A thick cloud of uncertainty continues to hang over the country's political landscape.

While the PTI is still not out of the race, the two other major political parties—the PML-N and PPP—are engaged in hard bargaining for the formation of a new coalition arrangement, amid widespread protests against alleged poll rigging. The confession of the Rawalpindi commissioner, who resigned from his post, about his role in vote manipulation has raised more questions about the legitimacy of the entire electoral process.

It is certainly not the outcome of the long-awaited polls one wanted to see. It is the unravelling of the entire political power structure. But re-engineering work is on to prop up the old order already rejected by the electorate. The intermittent shutdown of social media seems to be a part of the effort to stifle opposition voices. One is, however, not sure whether these efforts will bring any political stability to a country in deep turmoil.

With the official result of the elections now almost fully compiled, the PTI-supported independent bloc is clearly ahead of the other political parties in the next national assembly, despite the alleged electoral manipulation. The PTI's latest decision to merge its parliamentary party with the Sunni Ittehad Council in the House

is supposed to be part of its tactics to get its share of some 70 reserve seats.

Moreover, the PTI leadership also seems hopeful of snatching more seats by challenging some controversial results in court. But it will still be difficult for the party to get the required number to form the government at the centre on its own. The party has already declared it will not enter into any power-sharing arrangement with the PML-N and PPP.

Yet its formidable presence in the national assembly could present a constant challenge to a prospective PML-N-led coalition government. The PTI's decision to stay in the game seems to have frustrated the plan that aimed to completely sideline the party.

Notwithstanding the alleged manipulations, the elections have changed the country's political dynamics making it extremely hard for the ubiquitous security establishment to set its own rules. Its leadership seems to have come out bruised in the process.

It has been a vote against the military's role in the political powerplay as well as its overarching presence in almost all aspects of state. Yet there is no indication of the generals taking a back seat. Instead, the meddling of the security establishment in politics is likely to be enhanced, given the fragmented electoral mandate. Its reported role in pushing the PML-N and PPP to reach an agreement on the formation of a coalition government has not been denied.

The PPP, whose support is crucial

for any future set-up, is playing hard to get on the issue of joining the cabinet, while bargaining for key constitutional positions, including the post of president. The PPP has maintained its control over Sindh and is also poised to lead a coalition government in Balochistan, raising its stakes in the power game.

Past master in the politics of wheeling

Most interesting, however, is Nawaz Sharif's decision to stand down as candidate for prime minister. In fact, the party's entire election campaign had revolved around his return to power. It seems that his party's failure to achieve even a simple majority was the main reason for the withdrawal of his candidature. It is apparent that he didn't want to lead a coalition government that would include the PPP.

and dealing, Asif Ali Zardari is trying to extract maximum advantage for his party before finally agreeing to the PPP joining the government. The party has already made it public that Zardari will be a candidate for president. The issue seems to be a sticking point in the ongoing negotiations between the two parties.

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So, Shehbaz Sharif, who has worked well with the military as well as other political parties in the past, is considered the right choice to lead the future coalition government. Nawaz Sharif has, however, made sure that the mantle of Punjab chief minister will go to his daughter and heir apparent Maryam Nawaz.

Being the largest single party in the Punjab Assembly, the PML-N may not have any difficulty in forming the government in the province, with the support of some independents not associated with the PTI. Some of them have already jumped onto the PML-N's bandwagon. Maryam Nawaz's nomination marks the continuation of the dynastic control of the Sharif family over Punjab.

What is most problematic, however, is the issue of different political parties ruling the provinces. While the Sindh government, led by the PPP, can coexist with the ruling coalition at the centre, it will not be easy for the PTI government in KP to work with the PML-N administration in Islamabad.

These inherent problems would make it extremely difficult for a minority government at the centre to deliver on the critical problems related to governance, economy and internal security. There is no way the system can work in this atmosphere of confrontation. The future doesn't look that good for the country, post-election.

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