



VISUAL: STAR

The (reformed) quota scheme, our state, and the marginalised



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The quota reform movement took a rather avoidable violent turn, particularly agitating and disconcerting teachers of law, who research and lecture university students on rights, justice, and constitutionalism.

The movement tabled for us the logical demand to reform the quota scheme in public service. Indeed, the quota scheme needed substantive reform. By substantive, I refer to reform that goes beyond specifying the percentages. In the face of the overwhelming loss of lives, disproportionate and careless use of force, condemnable violence against police personnel, jailbreaks, and mindless destructions caused by "vested quarters" to public properties and national establishments, it was understandably not possible to go into the substance of quota reform. But while we have a sigh of relief, it is important to also reflect on how different things could have been, had the state taken a dialogic approach with the protesting students early on. Even with regard to the strategic mayhem apparently planned and perpetrated by third-party political and/or extremist elements, we cannot underestimate the accountability of the state mechanism on account of their share of omissions to make sure that the student movement does not slide into violence and is not taken "advantage" of (for example, failing to collate and build required security intelligence or not strategising/deploying preventive and countering measures early on).

One may say that I am imposing too daunting of a burden on the state and that in fact the students should have shown "maturity" and framed their demands the right way. Interestingly, for instance, it is argued by state officials that the protesting students, including women, did not want quotas for women. However, we ought to be mindful to the legal, normative, and epistemic authority that the state has over us—the governed.

This piece may seem rather pedantic at this point. However, as a feminist who deeply cares about substantive equality, I cannot help emphasising that had things panned out differently, the quota percentages could also have been specified based on data-driven grassroots evidence on substantive inequalities and statistical analyses on the marginalised communities. As it transpires, we (the state as a whole) lost the righteous high ground to negotiate with the protesting students.

There are many ways to justify quotas. First, they further the cause of substantive equality. Quotas offer support to the otherwise marginalised to compete on equal terms with those who are not. A second justification for quotas is they work as "recognition" for past intentional discrimination, oppression, or harms. A third justification is that quotas tend to contribute to diversity. However, the

diversity argument reduces humans to group identities—to something of use—something that adds value to a setting. In a way, it views humans as instruments and not as beings having intrinsic value. Nonetheless, diversity is a valid argument to justify quotas.

Clearly, quotas are not an exception to equality—as per the tenets of anti-discrimination law jurisprudence. Courts across jurisdictions have observed on multiple occasions how affirmative actions are an intrinsic part of formal equality, and not an exception to it. However, for quotas to work as an intrinsic element of formal equality and to further the cause of substantive equality, they need to be implemented with an overarching vision. For quotas to be beneficial, it is important that they take a "prioritarian" approach and do not generalise or essentialise groups or categories that they target. In other words, to further the cause of substantive equality, it is crucial that quotas do not compromise with qualification in the longer run, do not perpetuate stereotypes, and are not over- or under-inclusive. Quotas, at the end of the day, are remedial, they are not supposed to treat the structural barriers or systemic causes of substantive inequalities. However, with vision of an egalitarian society, it is important that quotas are utilised as a "plus" to treating the root causes of inequality, discrimination, and marginalisation, and not as a tokenistic scheme to mask inequalities that lurk underneath formal equality or as means to engender further discrimination or inequalities. Evidently, the state lacked a vision it never knew what it wanted quotas to do. Alternatively, the state failed to meaningfully communicate a vision to the protesting students.

While upholding a race-conscious admission policy by the University of Michigan, the US Supreme Court observed that a quota policy must be sufficiently flexible to ensure that each applicant is evaluated as an individual and not in a manner that makes ethnicity or race the defining feature of an application. Thus, race or ethnicity may be considered only as a "plus" to a particular applicant's profile. In other words, when there is one position and two equally qualified persons, then the balance shall tilt in favour of the one who has a quota in their favour. Indeed, this is one of the ways quotas can do their job and still not compromise with qualification. Another way is to choose a quota candidate over a non-quota candidate (both equally qualified) unless there are additional factors favouring the case of the latter. What we have in our country are automatic quotas, meaning that when quotas come in play, they do not work as a "plus" to the applicants' profile, rather become the defining factor of their applications. Hence, instead of unthinkingly retaining or reducing automatic

quota provisions, it was (and still is) important to craft a plan on transitioning from automatic quotas to a more nuanced application of quota provisions based on certain benchmarks (for example, obtaining critical mass).

The answer to the question of over-inclusivity lies with a prioritarian approach to executing quotas. India is illustrative in this regard for sub-dividing marginalised groups. Indeed, sub-dividing beneficiary groups and prioritising the most marginalised within a specific group, if perfectly executed, is one way through which quotas can really do the job they are supposed to do. This is where excluding the "creamy layer" or otherwise socioeconomically advanced section within specific groups comes into play. In order to prevent over-inclusivity, quotas need to be regularly monitored and revised based on disaggregated data and evidence on marginalisation and sectional harms sustained by members of specific groups.

History shows how the "woman question", "indigenous question", "transgender question", and "disabled question" get subsumed in the midst of dominant voices and how marginalised voices get deliberately silenced amid battling causes and agendas. The quota reform movement, the state's initial nonchalance, and the mayhem befalling the country afterwards serves as a case study for such subsuming and silencing. Indeed, the reformed scheme does a great disservice to women by entirely foregoing quotas for them. It's true that for a privileged class of mostly urban women, quotas are no longer needed. However, they do not represent all women—particularly those who sustain harms on multiple intersecting grounds. In order to recognise the historical wrongs perpetrated against women in general and to cater to the needs of the vast majority of women with no access to basic goods and services, quotas are a necessity and will continue to be so for quite a while. One per cent quota for the indigenous population is certainly not backed by evidence either. Amid all, specifying quota for the "third gender" individuals is commendable. However, the clubbing of persons with disabilities with "third gender" individuals (with one per cent quota) do not add value to the cause of equality since the two are different categories, sustain distinct harms, and have varied needs. Unmindful to the majoritarian backlash against transgender people, the new scheme also reifies the regressive agenda of distinguishing "third gender" individuals from non-cisgender people in general and thereby hierarchising gender identities. Does it also reinforce the regressive stigma attached to non-cisgender people to the effect that they are persons with (gendered) disabilities? I do not know.

At the end of the day, what we have with the new quota scheme are "subaltern" lives and lived experiences, that will remain, perhaps indefinitely, almost unaccounted for within the public employment sector—due to the political-apolitical "sensitivity" now attached to the scheme in general.

Above all, we have the burden of the lost lives to account for.

Drivers of bank run in Bangladesh



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Banks are in the business of borrowing short from surplus units and lending long to deficit units. This creates the problem of maturity mismatch and consequently banks face liquidity problem. Banks are largely dependent on trust which can be broken when they fail to honour the cheques of their depositors.

If depositors are gripped by collective distrust and decide to withdraw their deposits all at the same time in a short period, banks are unable to satisfy these withdrawals as their assets are mostly illiquid. This gives rise to "bank run". If run on a bank is not handled carefully, it may lead to bank failure—a situation where a bank is unable to meet its obligations to its depositors or other creditors because it has become insolvent.

Poor liquidity management or even rumours about a bank may lead to bank run. Notably, a run can occur whether the bank is insolvent or not—that is, the fear of a run may be enough to produce one. Therefore, the perceptions of depositors are clearly related with bank run.

Previous research discovered that the fear of losing one's savings is positively connected with individuals' behaviour during a bank run scenario. Studies showed that when depositors can be assured that banks are not facing a liquidity crisis, rather mismanagement of liquidity prevails in the banking system, they may postpone their withdrawal. In other words, postponement of deposit withdrawal will take place when depositors know that the banking system as a whole does not face any liquidity crisis. Deposit insurance reduces the probability of bank run as it guarantees depositors' savings in the banks. Although a full coverage by deposit insurance certainly eliminates bank run, partial deposit insurance cannot. Generally, deposit insurance reduces depositors' incentive to make a run on the bank.

At present, there are 61 banks in Bangladesh. There are six state-owned commercial banks (SCB), three specialised banks (SB), 43 private commercial banks (PCB) and nine foreign commercial banks (FCB). Among the private commercial

banks, 33 are conventional and 10 Islami Shariah based. The country is overbanked which creates an unhealthy competition among banks. The banking sector of Bangladesh is engulfed with many problems that can initiate bank run. Yet no such research has been carried out that could provide a better understanding of the factors which cause bank run. It is essential to know the factors related to bank run, otherwise a major gap in risk management process will remain unexplored.

A recent study was carried out to discover the factors that may cause bank run in Bangladesh. It attempts to identify the factors that drive depositors' perceptions toward bank run. Personal interviews using closed-ended questions were used to collect data between July and October 2023 from 400 respondents of which 77 percent were from PCB and 23 percent from SCB.

More than half of the respondents (61 percent) were male and more than 57 percent had business education. A whopping 83 percent of the depositors were knowledgeable about the problems in the banking sector, including loan scams, high non-performing assets, shortage of capital deficiency and liquidity problems. A mere 36 percent of customers were familiar with deposit insurance scheme—a scheme of Bangladesh Bank (BB) which gives protection to deposits up to Tk 100,000 against each account.

The study found a significant relationship between category of education and bank run. Depositors with non-business education are 1.76 times more likely to run for cash withdrawal than depositors with business education because the former do not understand why banks face crises, the magnitude of crises and how they affect banks. Thus, they tend to run on deposits.

The research discovered an important connection between depositors' awareness of liquidity problem and bank run. The depositors who are not aware about liquidity problem are 1.74 times more likely to rush for cash withdrawal than those who understand the issue. Liquidity problem arises from

maturity mismatch, high non-performing loans, mismanagement of funds and inability to obtain financing. Some are easily manageable while others are not. Hence, it is quite natural that the depositors, who are not familiar with the causes of liquidity problem, are more inclined to rush for cash withdrawal.

There is strong evidence that knowledge about banking sector problems and bank run are well associated. Depositors who know about banking sector's problems are 2.36 times more likely to rush for cash withdrawal than those who are not aware of the issues. Knowledge about banking sector problems make them more panicked, so they are more likely to make a run on the bank.

Finally, the research identified that bank run is affected by knowledge about deposit insurance scheme. Depositors who are unfamiliar with this system are 4.32 times more likely to run on deposits than people who know about the insurance scheme. A large number of depositors do not have any knowledge about this scheme, let alone its operational procedures.

The results have implications for bank regulations and financial crisis literature. Bank run as this research indicates can occur in Bangladesh and it is affected by some factors. In recent years, for example, some banks, that faced liquidity constraints, had to borrow from money markets at abnormally high interest rates. Other times they resorted to Bangladesh Bank (BB) finding no other alternatives.

For about the last five years, BB had to extend special credit support to some banks to help them overcome their liquidity problem. The central bank also requested people not to be panicked while several banks were in serious liquidity problem. BB had to assure people that no bank will fail in the country. All these initiatives were taken to avoid potential bank run. If those banks were not supported by BB, they would have faced bank run. Some of them might have failed too.

If several banks face losses simultaneously due to bank run, the government may fail to save them and rescuing them could be expensive. Thus, banks need to be efficient and resilient to avoid bank run. If run on deposits cannot be prevented *ex ante* it may create havoc in the entire economy *ex post*. People must also be educated and made aware about banking sector issues so that they are not driven by irrational behaviour that can cause bank run.

CROSSWORD BY THOMAS JOSEPH

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- 36 Doozy
- 37 Quarterback Manning
- 38 Block up
- 40 Neither Dem. nor Rep.
- 41 Earl Grey, e.g.
- 42 Pig place

YESTERDAY'S ANSWERS



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