

The Daily Star

FOUNDER EDITOR: LATE S. M. ALI

Bring discipline back in civil admin

Stability needed to keep public offices running smoothly

We are concerned about the chaos gripping the civil administration following the fall of the Awami League government two weeks ago, resulting in disruptions in regular activities and services. According to a report by this daily, disorder, mainly due to a lack of qualified leadership, has been reigning in the ministries housed at the Secretariat Building, with frequent processions seen throughout last week. This situation must be handled deftly, lest the chaos leads to a deadlock in public services.

One issue highlighted by some mid-level officials is accumulated anger over top officials failing to lead by example. During the 15-year rule of Sheikh Hasina, these officials—mostly secretaries—spent their time running after various benefits. As the regime fell, a number of them did not show up at work—some even switching off their phones—when their presence was needed. Moreover, there are no specific instructions yet about the general administration from the interim government, which took office on August 8.

On the other hand, officers from different ministries, mainly BCS cadres, have been demonstrating with various demands. Their grievances range from denial of promotions to unfavourable transfer orders to change of designation. What is astonishing is that a majority of them are seeking to safeguard their personal interests during a crisis. Given how the top officials acted so far, it is perhaps natural that those below them would follow suit. One secretary lamented that “it is unimaginable that BCS cadres... can behave like this.” We can't say we are surprised, though. When competent and sincere officers are pushed aside while incompetent and corrupt officials are favoured, such an outcome is inevitable. There have been no administrative reforms over the last 15 years; those who sought such reforms were ignored or not allowed to work, said a joint secretary.

Crisis has taken hold of the police administration as well. According to a report in Prothom Alo, there, too, partisanship has helped some police officials make impressive gains while those deemed remotely affiliated with the opposition were deprived of due benefits. Now, many of the police officers are in hiding while many have been dismissed from duty or made to retire because of past records. This has led to a sense of uncertainty among the junior and low-ranked officials.

This state of affairs cannot continue. A civil administration cannot continue to be dysfunctional, just as the police force cannot wallow in uncertainty. We would like to remind public servants that their job requires a bit of compromise, especially during a crisis. We know that some of their grievances are genuine and need attention of the authorities. But given the current situation, they need to be patient and follow due process to get what they have been deprived of. The interim government, meanwhile, must deal with this situation firmly and judiciously to restore discipline, getting rid of the unruliness. It must also address all genuine grievances and bring to the fore competent, honest officials with good track records. Lastly, an administrative overhaul is crucial to ensure that the civil and police administrations are able to operate independently and efficiently, regardless of who sits at the helm of the government.

Energy reforms are long overdue

CPD's three-step proposal deserves consideration

The Awami League government's questionable policies in the power and energy sector badly affected the economy over the last 15 years, prompting experts to frequently call for reforms but to no avail. Now that the interim government has taken charge, we hope to see the initiation of some much-needed actions in that regard. The three-step proposal given by the Centre for Policy Dialogue (CPD) shows where the focus should be. It has put forth a 100-day plan highlighting the key priorities, followed by significant reforms stretching over the next six months.

In particular, four acts and policies highlighted by the CPD need immediate revisions since those were made primarily to benefit vested interest groups. For instance, through the enactment of the Quick Enhancement of Electricity and Energy Supply Act, also known as the Indemnity Act, the erstwhile government awarded public works to conglomerates without issuing any tender notices, while no public procurement rules were followed either. This act should be repealed immediately. The other acts that need revisions are the Bangladesh Energy Regulatory Commission (BERC) Act, the Renewable Energy Policy, and the Integrated Energy and Power Master Plan (IEPMP).

The need for the BERC to operate independently cannot be stressed enough. The amendment to the relevant act, done in 2022 to empower the government to set power and energy tariffs on its own under “special circumstances,” without holding any public hearing, was a shady decision that frequently shot up energy prices. This needs to change. In addition, the IEPMP needs to be revised because the government allegedly projected faulty energy and power demand in it. Moreover, the suggestion to link the Sustainable and Renewable Energy Development Authority with the chief adviser's office also deserves consideration, as it will hopefully speed up phasing out of the fossil fuel-based power plants.

Phasing out the inefficient power plants should be another goal for the interim government. According to the CPD, the Awami League government paid a total of around Tk 105,000 crore as capacity payments to power plant owners in the 14 years up to August 2023, which is outrageous. So much money was squandered while citizens were either deprived of power or forced to pay exorbitantly for it. Revising the power purchase contracts and incorporating a “no electricity, no pay” clause will lessen the burden of capacity payments.

These are just a few key areas that need immediate attention from the interim government. There are many other short- and long-term suggestions given by the CPD which are quite well thought-out, and can, if properly implemented, ensure competition, efficiency, transparency and accountability in the power and energy sector.

How a banking commission can address challenges in the sector



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Views expressed in this article are the
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In a welcome move, the Bangladesh interim government intends to establish a banking commission soon to introduce crucial reforms in the banking sector. This initiative is a response to our long-standing demand for taking meaningful measures to rescue the financial sector from inadequate governance.

It is unfortunate that the previous government fell short of its commitments to strengthen the banking sector, as outlined in various policy documents and strategic plans. This lack of action has left the sector exposed to increasing vulnerabilities.

Institutional challenges in the banking sector include the appointment of bank directors often influenced by political connections, loans granted for political reasons, the rescheduling of loans despite poor repayment records, writing off loans to reduce tax burdens and clean bank balance sheets, weak internal controls, inadequate compliance and risk management, and the failure of some banks to meet international standards.

Additionally, regulatory weaknesses have contributed to the sector's vulnerability. These include the lack of independence of the Bangladesh Bank, overlapping regulations by the Financial Institutions Division (FID) and the Bangladesh Bank, leniency towards defaulters by the Bangladesh Bank, arbitrary issuance of bank licenses to crony capitalists, government-led recapitalisation of banks, and the quasi-monopolistic power held by a few bank oligarchs.

The most alarming indicator of the banking sector's fragility is the substantial increase in non-performing loans (NPLs) accumulated over the past 15 years, exacerbated by both direct and indirect support from the previous government's policymakers. In 2009, NPLs in banks totalled Tk 22,480 crore, which surged to about Tk 1,82,000 crore by March 2024. The true extent of NPLs would be considerably higher if distressed assets, loans in special mention accounts, loans under court injunctions, and rescheduled loans were included.

High NPLs limit banks' fiscal flexibility by constraining their ability to expand lending and forcing them to forgo interest income. They also reduce banks' capacity to take on risks, leading to an increase in the cost of funds. Additionally, banks face capital shortfalls as they must set aside provisions to cover their NPLs, which

in turn negatively impacts their return on assets, equity, and capital liquidity.

Often, loans were approved without proper commercial considerations, heightening the risk of defaults during the previous regime. When the central bank is not allowed to operate independently, it is more likely to make poor decisions. Unfortunately, the Bangladesh Bank was unable to penalise wilful defaulters due to the loss of its independent decision-making authority, which has been overridden by politically connected



VISUAL: SALMAN SAKIB SHAHRYAR

interest groups.

Given the worsening performance of the banking sector, we have consistently advocated for the establishment of a temporary banking commission to address these pressing issues. The purpose of this commission would be to thoroughly investigate and propose solutions to the challenges facing the sector. To ensure the commission is effective, its Terms of Reference (ToR) should be clearly outlined and may include the following objectives.

First, the objectives of the banking commission should be clearly defined and focused. These should include: i) conducting a critical assessment of the overall state of the sector; ii) ensuring transparency in data and information related to the sector; iii) identifying the root causes of current problems

and potential future challenges; iv) determining which groups and institutions are responsible for the sector's crisis; and v) providing specific, actionable recommendations for administrative, regulatory, legal, and structural reforms in the short to medium term.

Second, the commission's timeline should be concise and strictly timebound, not exceeding three to four months, to enable the government to begin implementation promptly.

Third, the commission should adopt an inclusive and participatory approach in preparing its report. This approach should include: i) conducting desk research using existing data and information; ii) holding individual meetings with relevant stakeholders; iii) consulting with experts; iv) organising public dialogues and hearings; and v) engaging in discussions with a wide range of stakeholders including policymakers, entrepreneurs, bank

Seventh, the interim government should establish a clear roadmap outlining when and how the commission's suggestions will be implemented. The government should also be required to provide full transparency regarding the proper implementation of these recommendations and their impact on the banking sector.

The banking sector has undeniably played a significant role in expanding trade and business within the economy. In the 1980s, the government of Bangladesh initiated the liberalisation process by privatising nationalised commercial banks. This reform process continued throughout the 1990s and 2000s, guided by the directives of the World Bank and the International Monetary Fund (IMF).

Alongside these reforms, the National Commission on Money, Banking, and Credit was established in 1984. A banking commission

was formed in 1996, followed by the creation of a banking reform committee in 2002. In 2003, the Central Bank Strengthening Project was initiated to develop a robust and effective regulatory and supervisory framework for the banking sector.

The Bangladesh Bank Amendment Bill, 2003, which granted Bangladesh Bank autonomy, was passed by the parliament. However, despite this mandate, Bangladesh Bank ultimately lost its independence.

The recommendations for the commission can only improve the banking sector if it is allowed to operate without political interference. While the interim government is dedicated to implementing institutional reforms during its term, it must also ensure that these reforms are sustained beyond its tenure.

Fourth, to ensure transparency, the commission should regularly update the public on its progress. Interim reports should be prepared and made available to citizens, and a draft of the final report should be posted online to gather feedback from stakeholders.

Fifth, commission members should be highly competent, experienced, honest, and impartial, and they must carry out their responsibilities with the utmost professionalism.

Sixth, the commission must be allowed to operate independently, free from any external influence.

The darkest hour

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MANZUR-AL-MATIN

After a decade of separation, my four sisters and parents had planned to finally meet in the US. My elder sister travelled across the Atlantic from the UK, my father from Bangladesh, another sister from the West Coast to meet the rest in the East Coast of the US. One of my sisters, Mouna (whom I have always addressed as Myna), almost managed to convince me to apply for a US visitor visa. But then, the attacks on Gaza happened. I could not get myself to travel to a country that continued to supply weapons and provide unconditional political support to the Netanyahu regime.

Then Abu Sayed appeared before all of us. With his outstretched arms, with his head held high, with his simple yet impenetrable courage! That changed everything.

I, who always thought it wise to stay out of the political binary, decided the time for patience and silence was over. As I stepped out of our apartment the next day, I found my wife, Sara, and my friend, Snehadri, by my side. I was certain of one thing, if we didn't go out and protest, the next child to receive a bullet in his chest would be mine.

Out there we found so many of

media. One of these was particularly disturbing for my family, who had managed to come together in the East Coast by that point. I can hardly imagine what they went through when all communications in the country were severed by the government. I later learnt my 83-year-old father barely slept during those five days and nights. My mother, whose life revolves around

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our children. Boys and girls alike. The age-old trifurcated system of English, Bangla, and Madrasi mediums of education had suddenly evaporated. They were all there. All chanting the same slogan, “WE WANT JUSTICE!”

To my surprise, I found the mothers closely following their sons and daughters. They were afraid. Afraid of the tear gas, the rubber bullets, the cleavers, and the live rounds. But falling back was not an option. Because falling back meant betraying Abu Sayed. And he was standing right there. All the while.

I managed to upload several images and video footages on social

media. One of these was particularly disturbing for my family, who had managed to come together in the East Coast by that point. I can hardly imagine what they went through when all communications in the country were severed by the government. I later learnt my 83-year-old father barely slept during those five days and nights. My mother, whose life revolves around

But at least four newspapers kept fighting: *Prothom Alo*, *The Daily Star*, *Samakal* and last but not the least, *New Age* with the uncompromising Nurul Kabir as its editor. I must thank all the brave journalists who fought on despite all odds, risking their lives. Within my TV station, Channel 24, Zumatull Bida was my inspiration. Despite being hit by shotgun pellets, despite the attempts to seek her out when she was hiding among the students, she somehow managed to gather the courage to fight on. She went back out onto the field the very next day after being shot. That night, she had to keep her location a secret, even from her colleagues. You will always be remembered as the pioneers of truth, strength, and courage!

These people have shown us, no matter how ruthless an oppressor gets, no matter how much pressure is there to silence the media, there are always ways to keep on fighting. As individuals entrusted to inform the public, journalists must ask themselves at the end of each day, whether they have done justice to the duty they have taken up on their shoulders. It is a very personal burden that each news crew carries.

In Zumma's own words, “If at the end of a day's work we can look at the mirror and see no shame or guilt in our eyes, we are then fit for the next day's work.”

These dark days and nights have taught us plenty. My only hope is that we remember the strength that lies with every individual. The strength to call a spade a spade, to speak out, when everyone else falls silent.