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INTRODUCTION

Like any other country, various exogenous and endogenous actors and factors play a critical role in the formulation of public policy in developing countries. Donor agencies are considered to be the most influential external actors in their policy making process. In Bangladesh, as in many other developing countries, aid dependence of policy process has become a permanent phenomena. This is because of the fact that the country is heavily dependent on foreign aid for its economic and social development and in times of natural disaster for its economic survival. A major part of the development fund comes from donors; the fact is being realized that the foreign alignments of the country, as well as its economic and social policies remain vulnerable to the increasing pressures of the donor countries and agencies.

Whether donors can influence the policy making process of Bangladesh has been matter of debate and great concern on the part of the academicians, researchers, pressmen and policy makers. There exists different and sometimes conflicting views over the issue if donors can really interfere in the policy making of Bangladesh and compel the policy makers to mould the policy in their preferred direction.

As Humphrey argues, “I found that outside pressure has been exerted in Bangladesh less than expected.” On the other hand, in evaluating the role of the donors in influencing the domestic economic policies of Bangladesh it has been concluded that, “in Bangladesh donors have tended to freely express their views on the suitability of various policies...
enacted by the government of the day, the quality of the administration and their political integrity. This attitude originates from the belief that size and importance of their contribution to Bangladesh’s development efforts give them a position to dictate how it should conduct its development affairs.”

Rahman opinion supported the second view that, “A completely new reality now faces Bangladesh in which it has little contribution to the formulation of fundamental economic policies that guide economic activity in the short-run and shape its destiny in the long-run. This is a price Bangladesh must pay for excessive dependence on foreign aid.”

The present article concurs with the opinion that donors are the most influential actors in the policy making process of Bangladesh in one way or the other. That should not be interpreted to imply that whatever policies these donor countries or agencies are pursuing the government to adopt are all inappropriate or harmful for the country. Rather the ensuing discussion tries to establish that Bangladesh being an independent state cannot exercise power to make its own policy independently. The result of the Paris aid consortium meeting has been thus always more central to the concerns of the government than the passage of the budget by the national parliament. This article therefore, attempts to identify the mechanisms through which donors intervene in the policy formation or policy modification process of Bangladesh.

MODES OF DONORS’ INFLUENCE

Bangladesh is heavily dependent on various donor agencies and donor countries for funds because its development budget is almost totally dependent on donors’ generosity. Immediately after 1971, the principal donors were India and the Soviet Union as they helped Bangladesh in the liberation war. After 1974 when the country changed her view towards aid, the USA emerged as the single most important donor. Recently Japan surpassed the USA as principal donor. However, the USA remains
of paramount importance as it influences the policy process through multilateral agencies like the World Bank, International Monetary Fund (IMF) and the Asian Development Bank (ADB). Because of the heavy dependence of Bangladesh on aid, the donors, particularly the World Bank, the IMF and USAID, have tended to freely express their views on various policy measures. However, the Nordic countries, Canada and the Netherlands who together constitute what has recently come to be known as the ‘Like Minded Group’ exercise pressure on the formulation and conduct of policies. It should be realized that not all the donors are equally concerned with all the policy issues of Bangladesh. For example, it has been observed the UK more often expresses its perception about policies in the gas and power sector, irrigation system and railways. Likewise, the Netherlands shows more interest about flood control, rover management and land reclamation. It has been noticed that the degree of dominance a donor can exert upon Bangladesh is directly proportional to the quantity of aid which it is providing in the related venture. For instance, because the Nordic countries provide a relatively smaller share of the Bangladesh aid budget, their influence over policy is comparatively limited. On the other hand, the World Bank, USAID, the Asian Development Bank, Japan, can exercise much greater influence in shaping domestic policies.

Donors provide inputs into the policy and watch feedbacks of the policy implementation. Donors intervention in the domestic policy making and policy implementation process of Bangladesh become visible through various ways and means. In developing countries, there are some institutional arrangements as well as informal weapons which provide the donors a great deal of power to influence the government of the recipient country.

It is to be mentioned here that the World Bank coordinates aid activities among various bi-lateral and multilateral aid providing countries and agencies. Interaction between donor agencies and the
Bangladesh Government representatives takes place as a continuing dialogue throughout the year within the country itself. However, there are three formal meetings which take place every year between donor agencies and the Government of Bangladesh. These are:

1. The Aid Consortium Meeting of all donors held under the auspices of the World Bank in Paris every spring.

2. Annual bilateral talks between donors and the Bangladesh Government held in Dhaka and donors’ country every year.

3. World Bank local consultative meeting of the donor community held in Dhaka.

AID CONSORTIUM MEETING IN PARIS

The Consultative Group Meeting remains the most important formal forum from the donor’s side which is held annually. Bangladesh’s aid connections with the donors are very complex, not only because of the large number of aid providers but also for the varying objectives, requirements and procedures of donors. The World Bank as a leader of all the donors acts as a coordinator among them in this meeting held in Paris every year. As the leader of the Bangladesh Aid Consortium the Bank obviously exercises the most influence in policy discussions particularly since it prepares the bulk of the documentation placed before the Bangladesh Aid Consortium. The Bank has a regular system of reporting on the economies of all the countries to which it gives assistance on which the Bank prepares a thoroughgoing review of a country’s affairs.

The structure of the meeting has been set in the following way. The Bank sends out admission to Bangladesh at the end of each calendar year. The members after several sitting with Bangladeshi officials make
a survey of the economic situation of the country for the year just passed. They analyze it taking into account available foreign exchange and the capacity of Bangladesh to provide local costs for projects. They also take a forward look and try to identify future aid priorities for the next year. At the end, they all produce a couple of substantial documents which are considered by all donors before the meeting in Paris. At the meeting they are put forward and discussed with the Bangladesh Officials who either endorse or make general comments on the material.

The first of these Aid Group Meetings was held in Paris in October 1974, when 28 delegations attended to raise additional resources and discuss the economic crisis the country was facing at that time. The meeting also discussed the launching of the country’s five-year plan for development, and laid the ground for an exchange of views on the country’s problems, prospects and performance in the future. Since then, the Aid Group has held regular annual meetings which focus on aid commitments for the coming financial year and the macro economic progress of the country and many other special issues relating to the development policy of the country.

The donors look at the Aid Group meetings as a forum in which to engage the government in a dialogue on the various developmental issues which they consider important for their assistance to be effective in achieving the desired goals. The recent common issues have been; food production and distribution, the balance of payments situation, domestic resource mobilization, exchange rate adjustment, the Government’s Annual or Five-Year Plans, problems of programme and Plan implementation, structural adjustment, population control and encouragement of the private sector.

The increasing concern of the Paris Aid Group has been with the social aspects of development and intensive discussions have been on poverty alleviation and income distribution, especially in favour of the
landless and the rural poor. The Central concern of the Group continues to be closely related to those themes but have increasingly included policy measures, particularly those related to structural reforms proposed by the World Bank and the IMF.8

BILATERAL TALKS

Secondly, annual bilateral talks between the donors and the Bangladesh Government is another important meeting where donors can influence policy. For example, annual bilateral talks between the Overseas Development Administration (ODA) of the UK and the Bangladesh Government are held alternately in Dhaka and London every year. This provides the opportunity to review the programme as well as the balance of the aid programme, that is, the commodity, project and technical cooperation components of it, and set priorities for future years. Bangladesh looks to maximize its return on aid by carefully shaping its priorities in accordance with what it assesses each particular donor would like it to do. For example, recently the environmental factor has become a policy variable of the UK to which all project design by the government needs to be sensitive.

The ODA, from its side, has also been working on aid policy towards Bangladesh. This process has involved coordination and discussion between and among bodies like the Development Division in Bangkok, the High Commission in Dhaka as well as technical advisors and the Bangladesh desk in the ODA. In addition to that there are the political directives of the Minister and the senior ODA management in the UK. The internal country policy papers provide an annual individual country management tool for ODA officials.

"These aid-talks provide the opportunity for ODA’s internal focus to be discussed with recipient government. The UK Government on its part is doing the same thing; reviewing projects and polices. Those thoughts are then fed into the aid framework exercise as it follows just after that.”9
LOCAL CONSULTANT GROUP

Third forum for discussing and issues between the donors and the Bangladesh Government is provided by the World Bank local consultative group which meets whenever a particular aid or developmental issue needs discussion. This was established in 1974 to coordinate donor views in Dhaka and discuss implementation of projects and policy matters in aid negotiation or aid utilization in order to avoid overlapping by the donors. Such meetings are organized by World Bank Resident Mission in Bangladesh with the approval of the Economic Relations Division (ERD) of the government. Donors see it as a forum to discuss issues in greater detail than at the Paris meeting. In these meetings, too, donors specify and demarcate their areas of interest. All donor representatives send their aid attaches along. There are series of meetings throughout the year. Some may concentrate on sectoral issues; some on individual projects or particular problems. In the words of an aid official: “It gives us an opportunity not only to discuss individual projects, but also general beliefs and policies on which sectors to emphasize, exchange views, and provide opportunities on both sides to be open and frank.”

While addressing such a local consultative group meeting in October 1993, Mr. Christopher Willoughby, the then Resident Representative of the World Bank Mission of Bangladesh Aid identified three areas of reforms. (i) industrial deregulation and trade liberalization, (ii) privatization and (iii) labour market improvement, which he thinks require immediate action by the government.

The donors have sufficient accessibility up to the highest level of the government and administration. The Resident Representative and the Executive Directors of the World Band held frequent meetings with the Prime Minister as well as with the concerned ministers. However the usual routine discussions take place at the level of functional heads of the
concerned ministries, and ERD. A representative held that ERD was very approachable and seemed to be concerned about the problems indentified by them. He further added that World Bank in 1982, on behalf of the donors, had made certain suggestions to the government, especially to the President. He was of the view that the government has taken these recommendations as of great significance and later on worked to put these into effect.

There has been a regular practice of consultative meetings between Bangladesh and the UK which take place every six months at the level of high officials and Asia division of the UK-ODA programme. A review of each project is undertaken in these meetings and detail elements of the projects are examined here. The prime focus of these meetings, according to an UK aid official, is to identify the priorities for British assistance with a view to maximize the developmental efforts of the projects.

The USAID maintains a large mission and engages in continuing bilateral policy dialogue with the government of Bangladesh. It maintains communications with the authorities in the concerned ministeries, including the minister, secretaries, ERD officials and in some cases with the head of the public sector corporations. The Scandinavian donors, the Dutch and the Canadian also maintain their respective contacts individually. Indeed policy dialogue is a more effective weapon than policy conditionality in persuading the government to go further down a path which the donors ask to go.

Various seminars and symposium conducted by the World Bank or other bilateral donors are one of the strong medias of influence. Through these, donors provide forums for analysis and discussion of public policy and these activities influence policy making in government later on. For example, in February 1989, a UNDP sponsored workshop on agricultural sector review in Bangladesh concluded that, given the rural condition of
the country, the food poverty problem might be solved by paying attention to a more equitable distribution of new assets created by the government in the rural sector. The issue was discussed in the Cabinet meeting later on and decisions were made in this line with the workshop discussion.\textsuperscript{14}

The World Bank from time to time publishes reports on certain policy measures of Bangladesh or on the overall economic situation of the country which remain another weapon to exert influence upon the government. The general perceptions of the World Bank regarding the socio-economic policies of Bangladesh are put forward in the World Bank reports which are not secret or confidential documents and the government has right to go through them. Recently published World Bank documents on Bangladesh which have tremendous effects on the Industrial policies include "Bangladesh : Issues and Prospects for Industrial Development" (1978), "Bangladesh : Adjustment in the Eighties and Short Term Prospects," (1988), "Bangladesh : Manufacturing Public Enterprise Reform" (1989), "Bangladesh : Managing the Adjustment Process--An Appraisal" (1990), "Bangladesh : Review of the Experience with Policy Reforms in the 1980s" (1990), "Bangladesh : Implementing Structural Reform" (1993), "Bangladesh : Privatization and Adjustment" (1994). These reports contain specific policy recommendations which the World Bank wants Bangladesh to take into consideration while making industrial policies or reforming them.\textsuperscript{15}

Besides, some informal instruments are used by the donors to influence the policy of recipient countries. These are often as influential as formal ones. One such measure is the visit to an aid recipient country by the donor government’s or agencies’ high officials. Correspondence by telephone or by letter is another strong instrument. Donor governments or agencies express their satisfaction or dissatisfaction over certain policies. In one such letter to Bangladesh’s Prime Minister IMF
Managing Director Michel Camdessus lauded economic development in Bangladesh recently. He commended Bangladesh’s economic development, saying “Despite all its problems, Bangladesh has been one of the best performers amongst those countries whose structural adjustment programmes have been supported by the Fund. The many structural adjustment reforms allowed the country’s economy to continue to grow as it has become more open and less regulated.”

Informal gathering and meetings sometimes provide a means for exchanging views among the donors and the government officials over certain policies of the country. For example the Canadian aid mission sometimes organizes such gatherings where the civil servants, entrepreneurs and the politicians take part. The informal discussions which take place in such meetings, according to a CIDA representative help to clarify their thoughts on aid related issues.

Dinner and cocktail parties are also exploited by the donors to communicate with high officials of the Government of Bangladesh. The discussions which take place on such occasions later leave a strong imprint on the aid documents and contracts.

**CONCLUDING REMARKS**

It can be easily concluded here that the donors’ intervention in the policy formation of Bangladesh have been very much clear in recent years. Everybody knows that nothing happens in the country without the approval of the World Bank and other aid agencies. So the first and foremost job of the government has been to convince the donors in the consortium meeting in Paris rather than to discuss the matter in the Parliament of the country. The power and influence that donors exercise over policy-making are often greater than that of the Cabinet or the Parliament themselves. A very unpleasant aspect of this situation is that while the elected representatives of the country and the government in
general are ultimately responsible for the consequences of the policies implemented, they do not have much freedom to frame these policies. But the individuals, the economic and financial technocrats of the World Bank and the IMF, who actually frame these policies have no responsibility for their consequences. These technocrats are naturally distant bank officials with very limited experience of the real life situation and political problems of the country. The tragedy is, as the former Finance Minister marked, “the package is cooked in Washington without relevance to our country and delivered at Dhaka which the aid-hungry government accepts.” In recent years there has been a debate on what should the role of the donors be. The popular and dominant view is that the public policy should be formulated by the legal policy makers of the country keeping public interests foremost and not by the donors even though they provide funds for the policy. The intervention by the donors into the process of policy formation of Bangladesh derives largely from its own failure to finance development. If Bangladesh had the capacity to generate domestic resources the scope for donors to intervene in our policy formation affairs would be immeasurably less. Therefore, endeavor should be made to develop the economy with the country’s own resources however meager they might be. Side by side, foreign aid that comes with all the conditions detrimental to our economy should be rejected. Such policy should be formulated which can help us attain economic sovereignty for which people can feel proud of. If donors are prepared to assist such policies, they would be welcome. The future donors dictated policies should be carefully examined with long term goals. Gradually dependence on foreign aid should be reduced. Public savings can be increased through various fiscal and monetary reforms and reforms of the bureaucracy, with the objective of generating a greater amount of public savings and economic independence and freedom in making and implementing financial polices.
REFERENCES


4. Rehman Sobhan, op. cit., p. 263.


6. Ibid.


10. Ibid., p. 125.


13. Ibid.


Regional Economic Cooperation Among SAARC Countries: Opportunities and Prospects

NIGHAT BILGRAMI
and
AKHTAR A. HAL

INTRODUCTION

Regional economic integration has become an important feature of the world trade scenario in the recent years. Among many trading blocs are European Economic Community (EEC), European Free Trade Association, and North America Free Trade Agreement (NAFTA). These is also a free trade agreement between Argentina, Brazil, Paraguay and Uruguay. Likewise, in Asia member countries of the Association of South East Asian Nations (ASEAN) have agreed upon, on setting-up a regional common market.

In South Asia, South Asian Agreement on Regional Cooperation (SAARC) is an important trading bloc consisting of seven developing nations. This Regional Cooperation is important due to number of significant features which they share. These countries have abundance of manpower, rich agricultural resources and reasonable market potential which can help making it an important regional economic bloc. Seven members of SAARC are Pakistan, India, Bangladesh, Sri Lanka, Nepal, Maldives and Bhutan. It has a population of more than 1400 million which comprises almost 25 per cent of the world’s entire population. Total volume of exports of this region is nearly 29 billion dollars, which accounts for hardly 1 per cent of world’s exports. On the contrary it imports is worth around 37 billion dollars.

Nighat Bilgrame and Akhtar A. Hal, Senior Research Economist, Applied Economics Research Centre University of Karachi.
Most of the countries in the South Asian region are developing and poor. It is said that only long-term sustained growth of per capita income and equitable distribution of resources can help in the economic advancement. Developing countries often utilize trade policy to promote their industrialization. Recent trend has been set for exports of semi-manufactured and manufactured goods. Hence manufactured exports have been growing faster in developing countries and growth rates have been especially high in textiles, metal products and basic metals. Developing countries rapid growth of exports can be attributed to improved export incentives and industrial policies. In the international market, the bulk of manufactured exports come from the relatively advanced industrial countries from the group of less developed countries. Moreover exports have been built around labour intensive, technologically standardized products, such as textile, clothing and footwear in the South Asian region especially among the SAARC member countries like Pakistan.

HISTORY OF SAARC

SAARC was established in December 1985. Initiative was taken by the late President Zia-ur-Rehman of Bangladesh. It was the result of several meetings held in Colombo, Dhaka, New Delhi, Islamabad at the foreign office level to identify the possible areas of regional cooperation among the member countries. The areas identified were agriculture, rural development, meteorology, telecommunication, scientific and technological cooperation, health and population activities, transport, postal services and sports, arts and culture. In the New Delhi meeting held in 1983, it was reaffirmed that it would be beneficial to continue cooperation among the national planning organizations and academic institutions of counties of the region. It was strongly felt that the developing counties had been facing a serious loss of development momentum due to excessive dept burden followed by the reduced flow of financial resources. Hence the committee emphasized the need for
greater regional cooperation. After taking care of several common interests first meeting of SAARC was held on December 7 and 8, 1985, in Dhaka. Since then it has made considerable progress over the years. It has also worked to highlight the scope for regional cooperation in fields like agriculture, health and population, art and culture and transport. It is expected that SAARC will continue it’s progress in these fields.

India and Pakistan have offered preferential tariff rates to each other under South Asian Preferential Trading Agreement (SAPTA) as SAARC member. The total number of items to enjoy concessionary tariffs under SAPTA are 226. It is noticeable that from 226, 106 were items from India and only 35 items from Pakistan. This reflects a wider gap which needs to be narrowed down.

The purpose of this study is to carry out the comparative analysis in the perspective of SAARC trade through the twelve years period since its birth with special reference to Pakistan. For this two standards are used. First by calculating the average annual growth rates of exports and imports of the member countries with respect to rest of the SAARC countries and with respect to all countries in the world which will give the global picture of the trade. Second, touch-stone in this exercise is the estimation of the demand elasticities for exports with respect to income and prices for the member countries. This attempt will help in identifying the gaps.

After this, Section II will present the comparative analysis with respect to import/export growth rate pre and post SAARC establishment and the balance of trade position of SAARC countries. This will help in identifying the achievements and gaps in the development process of the SAARC.

Section III will estimate the demand elasticities of export with respect to income and price in SAARC trade. The final section relates to the summary of conclusions.
DATA AND COMPARATIVE ANALYSIS

All the data on exports and imports is taken from the IMF's "Direction of Trade" publication, while the GNP and price data is taken from the World Bank's World Tables, 1996. Items of major exports and imports are taken from the foreign trade patterns publication of Chamber of Commerce and Industry, Karachi, (1995-96) and in the case of Pakistan, Economic Survey of Pakistan 1997-98 is also used.

Table 1 provides the list of the main trading partners of SAARC member countries. It shows that only India is the main trading partner of Bangladesh, Nepal and Bhutan, otherwise no other country is carrying major trade with other member country, not even India while their main trading partners are USA, China, Italy, Japan, United Kingdom, France, Saudi Arabia, Singapore, UAE. India is trading mainly with 19 nations world-wide, Pakistan with 14, Sri Lanka with 10 but are not in the main trade with member SAARC countries.

Table 2 shows that the share of SAARC countries in the developing countries exports and imports remained very low during the study period and with a decreasing trend especially in exports. During 1975-76 the share of developing countries in the world export was 54.6 per cent which decreased to 38.9 per cent in 1986-87 and remained around 39.40 per cent during the rest of the period whereas the share of SAARC countries was already very nominal, 6.5 per cent, out of 54.6 per cent of the world exports which further declined to its one-third to 2.5 per cent in 1997-98. Contrast to this imports have increased from 35.1 per cent in 1975-76 to 51.1 per cent in 1997-98. While the share of SAARC was 3 per cent in 1975-76 which gradually declined to 3.0 per cent in 1978-79 and afterwards stable for the rest of the period within a low range of 1.4 to 2.4 per cent.
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Source: *Foreign Trade Pattern of Pakistan,* 1996.
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| Exports | Developing Countries | 54.6 | 52.5 | 56.4 | 48.7 | 56.4 | 63.2 | 57.4 | 60.3 | 55.2 | 42.3 | 42.4 | 38.9 | 36.5 | 41.1 | 34.4 | 39.2 | 44.3 | 41.9 | 39.2 | 45.7 | 43.9 | 39.3 | 39.1 | 39.9 |
| Imports | Developing Countries | 35.1 | 34.5 | 39.2 | 36.4 | 43.1 | 47.9 | 49.1 | 47.3 | 43.5 | 45.5 | 45.7 | 37.6 | 36.8 | 37.5 | 37.3 | 41.9 | 41.7 | 37.8 | 41.4 | 45.8 | 48.6 | 48.2 | 50.0 | 49.1 | 51.11 |
| Exports | SAARC | 61.6 | 65.5 | 54.6 | 62.6 | 64.6 | 61.0 | 32.4 | 42.9 | 41.4 | 48.4 | 41.4 | 35.7 | 35.4 | 48.3 | 38.4 | 31.3 | 34.2 | 27.3 | 25.2 | 23.3 | 25.2 |
| Imports | SAARC | 38.4 | 34.5 | 45.4 | 37.4 | 36.4 | 39.0 | 18.4 | 22.9 | 19.0 | 17.0 | 16.0 | 18.0 | 17.0 | 15.0 | 15.0 | 15.0 | 14.0 | 15.0 | 24.0 | 29.0 | 22.0 |


TABLE 3

Average Annual Growth Rates of Imports and Exports of Individual SAARC Countries to the Rest of the SAARC Countries, 1972-95

<table>
<thead>
<tr>
<th>Countries</th>
<th>EXPORTS Annual Average Growth Rate</th>
<th>IMPORTS Average Annual Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1972-85</td>
<td>1986-95</td>
</tr>
<tr>
<td>Pakistan</td>
<td>36.46</td>
<td>11.20</td>
</tr>
<tr>
<td>India</td>
<td>6.15</td>
<td>22.67</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>61.68</td>
<td>5.53</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>23.95</td>
<td>9.70</td>
</tr>
<tr>
<td>Nepal</td>
<td>26.52</td>
<td>28.46</td>
</tr>
<tr>
<td>Maldives</td>
<td>17.25</td>
<td>12.37</td>
</tr>
</tbody>
</table>

TABLE 4

Pakistan’s Economic and Trade Relations with SAARC Countries (Balance of Trade Position-1990-95)

(In Million US $)

<table>
<thead>
<tr>
<th>Year</th>
<th>Bangladesh</th>
<th>India</th>
<th>Sri Lanka</th>
<th>Nepal</th>
<th>Maldives</th>
<th>Bhutan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-91</td>
<td>62.52</td>
<td>-41.50</td>
<td>41.42</td>
<td>-0.05</td>
<td>1.24</td>
<td>-0.05</td>
</tr>
<tr>
<td>1991-92</td>
<td>81.90</td>
<td>64.47</td>
<td>47.02</td>
<td>-5.29</td>
<td>1.30</td>
<td>-0.041</td>
</tr>
<tr>
<td>1992-93</td>
<td>63.83</td>
<td>16.43</td>
<td>24.74</td>
<td>-0.60</td>
<td>1.32</td>
<td>-0.85</td>
</tr>
<tr>
<td>1993-94</td>
<td>73.83</td>
<td>-27.73</td>
<td>27.48</td>
<td>1.86</td>
<td>0.84</td>
<td>-1.83</td>
</tr>
<tr>
<td>1994-95</td>
<td>138.59</td>
<td>-22.40</td>
<td>11.02</td>
<td>2.71</td>
<td>0.88</td>
<td>-1.27</td>
</tr>
</tbody>
</table>

Source: Foreign Pattern of Pakistan, 1996.
Table 3 gives the broader trade outlook comprised of the exports and imports structure during 1972-1995, reflecting the growth of SAARC trade. It shows that exports of Bangladesh grew at about 61 per cent per annum during 1972-85 which was remarkable achievement, but after the establishment of SAARC it drastically decreased to 5.53 per cent. Bangladesh was created in 1971, so it started from the zero base and its trade increased pretty well while after some years its growth stabilized. Similarly in the case of Pakistan it declined by one-third from a growth rate of 36.46 per cent while India’s export grew at a faster rate after the establishment of SAARC.

The annual growth in imports declined in all the member countries except Bangladesh which shot up to 32 per cent per annum during 1986-95 from a quite small average growth of 5 per cent per annum during 1972-85.

It is obvious that appropriate domestic policies regarding the trade, exchange rate helped in the allocation of efficient resources to external and internal opportunities. Trade is said to be an engine of growth in the case of developing countries with the improved resource allocation and increased productivity.

Looking at the Pakistan’s balance of trade position with respect to other SAARC member countries, Table 4 indicates that Pakistan’s current trade level is favourable with Bangladesh, Sri Lanka, Nepal and Maldives. Exports to Bangladesh has increased over time, whereas in Sri Lanka exports decreased but balance of trade is positive. Same in the case with Maldives and increase in exports to Nepal is very small, whereas in the case of India and Bhutan imports are greater than exports leaving the balance of trade negative. In order to increase the two way trade volume with these countries Pakistan can also export cement, food, engineering goods, and machinery to Bangladesh and can import fish, bamboo, paper pulp and betel nuts in return.

In the case of Sri Lanka exports from Pakistan to Sri Lanka have decreased from US$ 76.29 million in 1990-91 to US$ 60.58 million in 1994-95 whereas imports from Sri Lanka have increased from US$ 34.87 million in 1990-91 to US$ 49.56 million in 1994-95. Sri Lanka has
<table>
<thead>
<tr>
<th>EXPORTS</th>
<th>IMPORTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animal casing</td>
<td>Art-Silk yarn</td>
</tr>
<tr>
<td>Carpets and rugs</td>
<td>Cement</td>
</tr>
<tr>
<td>Cement and products</td>
<td>Chemical fertilizers</td>
</tr>
<tr>
<td>Cotton cloth</td>
<td>Chemicals</td>
</tr>
<tr>
<td>Cotton thread</td>
<td>Drugs and medicines</td>
</tr>
<tr>
<td>Cotton waste</td>
<td>Dye tanning materials</td>
</tr>
<tr>
<td>Cotton yarn</td>
<td>Dyes and colours</td>
</tr>
<tr>
<td>Drugs and Chemicals</td>
<td>Edible oil</td>
</tr>
<tr>
<td>Fish and fish preparations</td>
<td>Electrical goods</td>
</tr>
<tr>
<td>Footwear</td>
<td>Fertilizers</td>
</tr>
<tr>
<td>Garments and Hosiery</td>
<td>Grains, pulses and flour</td>
</tr>
<tr>
<td>Guar and products</td>
<td>Iron, Steel and manufactures thereof</td>
</tr>
<tr>
<td>Hides and skins</td>
<td>Machinery non-electrical</td>
</tr>
<tr>
<td>Leather</td>
<td>Non-ferrous metals</td>
</tr>
<tr>
<td>Oil cakes</td>
<td>Oil cakes, residue of soybean</td>
</tr>
<tr>
<td>Others</td>
<td>Oil vegetables</td>
</tr>
<tr>
<td>Paints and varnishes</td>
<td>Onion fresh or chilled</td>
</tr>
<tr>
<td>Petroleum and Products</td>
<td>Other imports</td>
</tr>
<tr>
<td>Raw cotton</td>
<td>Others</td>
</tr>
<tr>
<td>Raw wool</td>
<td>Paper, board and stationery</td>
</tr>
<tr>
<td>Ready-made garments and hosiery</td>
<td>Petroleum and products</td>
</tr>
<tr>
<td>Rice</td>
<td>Sewing machine industrial</td>
</tr>
<tr>
<td>'Sports goods</td>
<td>Sugar refined</td>
</tr>
<tr>
<td>Surgical instruments</td>
<td>Tamarind dried</td>
</tr>
<tr>
<td>Synthetic textiles</td>
<td>Tea</td>
</tr>
<tr>
<td>Tobacco raw and manufactured</td>
<td>Transport equipments</td>
</tr>
<tr>
<td>Synthetic textiles</td>
<td>Non-electrical equipments</td>
</tr>
</tbody>
</table>

**TABLE 6**

Pakistan’s Major Exports and Imports to SAARC Countries

<table>
<thead>
<tr>
<th>EXPORTS</th>
<th>IMPORTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carpets and rugs</td>
<td>Chemicals</td>
</tr>
<tr>
<td>Cotton cloth</td>
<td>Drugs and medicines</td>
</tr>
<tr>
<td>Cotton Yarn</td>
<td>Edible oil</td>
</tr>
<tr>
<td>Fish and fish preparations</td>
<td>Electrical goods</td>
</tr>
<tr>
<td>Foot wear</td>
<td>Fertilizers</td>
</tr>
<tr>
<td>Garments and Hosiery</td>
<td>Iron, steel and manufactures thereof</td>
</tr>
<tr>
<td>Guar and Products</td>
<td>Machinery non-electrical</td>
</tr>
<tr>
<td>Leather</td>
<td>Paper, board and stationary</td>
</tr>
<tr>
<td>Raw cotton</td>
<td>Petroleum and products</td>
</tr>
<tr>
<td>Rice</td>
<td>Tea</td>
</tr>
<tr>
<td>Synthetic textiles</td>
<td>Transport equipments</td>
</tr>
<tr>
<td></td>
<td>Non-electrical equipments</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>India</th>
<th>Bangladesh</th>
<th>Bhutan</th>
<th>Nepal</th>
<th>Maldives</th>
<th>Sri Lanka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Articles of apparel /</td>
<td>Articles of apparel /</td>
<td>Cotton American</td>
<td>Articles of apparel /</td>
<td>Articles of apparel /</td>
<td>Articles of apparel /</td>
</tr>
<tr>
<td>cloth accessor.</td>
<td>cloth accessor.</td>
<td>Guwar meal</td>
<td>cloth accessories</td>
<td>cloth accessories</td>
<td>cloth accessor.</td>
</tr>
<tr>
<td>Copper waste and scrap</td>
<td>Cement, clinkers</td>
<td>Guwar meal</td>
<td>Cloth American (staple)</td>
<td>Cement Portland</td>
<td>Cement Portland</td>
</tr>
<tr>
<td>Leather and leather manufactures</td>
<td>Cement Portland</td>
<td>Leather Buffalo hides</td>
<td>Pharmaceutical Products</td>
<td>Other articles iron /</td>
<td>Cotton American (staple)</td>
</tr>
<tr>
<td>Other waste wool /</td>
<td>Chillies, dry</td>
<td>tanned finished</td>
<td>Poppy seed</td>
<td>stool wires</td>
<td>Fish, dried salted</td>
</tr>
<tr>
<td>fine animal hair</td>
<td>Chilly Powder</td>
<td>Leather goat skin tanned</td>
<td>Pharmaceutical products</td>
<td>Pharmaceutical products</td>
<td>Salted</td>
</tr>
<tr>
<td>Petroleum crude</td>
<td>Cotton American</td>
<td>Sesame (sesamum) seeds</td>
<td>Rice</td>
<td>Textile yarn and fabrics</td>
<td>Leather and leather manufactures</td>
</tr>
<tr>
<td>Plants for perfum</td>
<td>Cotton American</td>
<td>Special mach for</td>
<td>Surgical instruments</td>
<td>Vegetable and fruit</td>
<td>Rice</td>
</tr>
<tr>
<td>pharma</td>
<td>Petro (Oleum) products</td>
<td>particular industry</td>
<td></td>
<td></td>
<td>Special transact / commodity</td>
</tr>
<tr>
<td>Poppy seeds</td>
<td>Textile yarn, fabrics,</td>
<td></td>
<td></td>
<td></td>
<td>Spices</td>
</tr>
<tr>
<td>Raw cotton</td>
<td>Pharmaceutical products</td>
<td>Others</td>
<td>Textile Yarn and fabrics</td>
<td>Others</td>
<td>Sugar refined</td>
</tr>
<tr>
<td>Rock salt</td>
<td></td>
<td></td>
<td>Transport and vehicle</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sugar, refined</td>
<td>Sugar refined</td>
<td>Tyres NS</td>
<td>Vegetable and fruit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Textile yarn and</td>
<td>Telecommunication equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>fabrics</td>
<td></td>
<td>Vegetable and fruit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vegetables and</td>
<td>Textile yarn and fabrics</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>fruits</td>
<td></td>
<td>Others</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wool, raw, scoured</td>
<td>Vegetable and fruit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>Others</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Foreign Trade Pattern of Pakistan, 1996.
<table>
<thead>
<tr>
<th><strong>India</strong></th>
<th><strong>Bangladesh</strong></th>
<th><strong>Bhutan</strong></th>
<th><strong>Nepal</strong></th>
<th><strong>Maldives</strong></th>
<th><strong>Sri Lanka</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Betel leaves</td>
<td>Betel leaves</td>
<td>Cardamom, large</td>
<td>Cardamom large</td>
<td>Copra desiccated</td>
<td>Betel leaves</td>
</tr>
<tr>
<td>Bidi leaves (Tandu</td>
<td>Jute cutting</td>
<td>Carding machinery,</td>
<td>Dyeing tanning material</td>
<td>Cotton NS</td>
<td>Broom articles</td>
</tr>
<tr>
<td>leaves)</td>
<td></td>
<td>cotton</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Books</td>
<td>Jute hessian cloth</td>
<td>Gen industrial mach /</td>
<td></td>
<td>Dyeing tanning material</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>equipments</td>
<td></td>
<td>Filament yarn of</td>
<td></td>
</tr>
<tr>
<td>Carbon electrodes</td>
<td>Jute raw</td>
<td>Iron and steel</td>
<td></td>
<td>polyester</td>
<td>Copra desiccated</td>
</tr>
<tr>
<td>Cardamom, large</td>
<td>Sacks and bags of jute</td>
<td>Mach preparing textile</td>
<td>Leather, buff, cattle</td>
<td>Glass beads</td>
<td>Carpe rubber sheet</td>
</tr>
<tr>
<td></td>
<td>(new)</td>
<td>fibre</td>
<td>wetblue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cement</td>
<td>Sacks and bags of other</td>
<td>Mach, mixing, kneading,</td>
<td>Lentils (masoor) dry</td>
<td>Iron and steel</td>
<td>Natural rubber NS</td>
</tr>
<tr>
<td></td>
<td>text bast fiber</td>
<td>crush etc.</td>
<td>whole</td>
<td></td>
<td>Pepper black</td>
</tr>
<tr>
<td>Coal</td>
<td>Tea</td>
<td>Pharmaceutical products</td>
<td>Lentils (masoor) split</td>
<td>Paper, paperboard and</td>
<td>Smoked sheets of rubber</td>
</tr>
<tr>
<td>Dyeing, tanning</td>
<td>Others</td>
<td>Telecommunication</td>
<td>Palm Oil refined</td>
<td>articles</td>
<td>Vegetables and fruits</td>
</tr>
<tr>
<td>materials</td>
<td></td>
<td>equipment</td>
<td></td>
<td>Pharmaceutical prod.</td>
<td></td>
</tr>
<tr>
<td>Ginger not dried</td>
<td></td>
<td>Vehicles</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iron ore agglomerated</td>
<td></td>
<td>Viscose fiber (rayon</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Magnesia</td>
<td></td>
<td>fiber)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manganese ores and</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>concentrates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil cake, residue of</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>soya bean</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Onion fresh or chilled</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phthalic anhydride</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refined lead</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seeds of vegetable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sewing machine</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>industrial</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Soya bean meal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sports goods</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tamarind dried</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tea</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zinc ingot</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Foreign Trade Pattern of Pakistan, 1996.
initiated the introduction of new items of exports to Pakistan and has also taken positive steps to increase CTC. Tea which is mainly consumed in Pakistan. This is the main reason why Pakistan’s imports from Sri Lanka have increased.

Maldives prefers to import those commodities from Pakistan which are available there instead of importing them from other sources. These items include rice, wheat flour, cement, machinery, steel products, machinery and also mineral water.

Pakistani products have much potential in Nepalese market, like cotton and synthetic textiles, chemicals, fertilizers, dry fruits and industrial raw material.

In the two way trade with India it is seen that Pakistan imports have increased form US$ 49 million in 1991-92 to US$ 64.08 million in 1994-95, whereas the exports decreased from US$ 113.27 million during 1991-92 to US$ 42 million during 1994-95.

The current level of balance of trade is in favour of Bhutan. Exports to Bhutan during the year 1994-95 were of US$ 1.3 million while imports are US$ 2.40 million. As member of SAARC the two countries can cooperate in setting up joint industrial ventures, particularly fruit processing, textile and clothing, leather and footwear.

Table 5 gives the list of 27 major items that Pakistan exports and imports. From these only 11 items are exported to SAARC member countries and 12 items imported from the SAARC member countries which is not even the 50 per cent of the actual list of tradable items (refer Table 6, reflecting the poor trade relation among the SAARC member countries.

Tables 7 and 8 give the actual list of Pakistan export and import to SAARC member countries. It is interesting to note that Pakistan exports textile yarn and fabrics to all the SAARC member countries and articles
<table>
<thead>
<tr>
<th>Country</th>
<th>Income</th>
<th>Price</th>
<th>SAARC Effect</th>
<th>R²</th>
<th>D.W.</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAKISTAN</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>2.57</td>
<td>-0.26</td>
<td>Negative Insignificant</td>
<td>0.45</td>
<td>1.41</td>
</tr>
<tr>
<td></td>
<td>(2.96)</td>
<td>(-0.24)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bangladesh</td>
<td>0.18</td>
<td>-1.69</td>
<td>Negative Insignificant</td>
<td>0.83</td>
<td>2.0</td>
</tr>
<tr>
<td></td>
<td>(0.81)</td>
<td>(-2.21)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>0.19</td>
<td>-0.03</td>
<td>Negative Insignificant</td>
<td>0.67</td>
<td>2.22</td>
</tr>
<tr>
<td></td>
<td>(0.82)</td>
<td>(-0.08)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INDIA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pakistan</td>
<td>1.53</td>
<td>-4.81</td>
<td>Negative Insignificant</td>
<td>0.74</td>
<td>2.09</td>
</tr>
<tr>
<td></td>
<td>(0.55)</td>
<td>(-2.62)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bangladesh</td>
<td>0.13</td>
<td>-1.46</td>
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*Includes Pakistan, India, Bangladesh and Sri Lanka only. The other three countries could not be included because of data limitation*
## IMPORT ELASTICITIES

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</table>
of apparel to all except Bhutan, and cotton American to Bhutan and Nepal, Bangladesh and Sri Lanka. Another most wanted item is leather and leather manufactured goods. Pakistan also exports poppy seeds to India, when it comes to imports Pakistan imports most of the items from India, Bangladesh and Sri Lanka, Main imports are betel leaves and tea.

For quantitative comparability of growth in the provision of trade in the South Asian region among SAARC the available export import data is analyzed. It is done before discussing the global picture of SAARC countries growth in the total trade with the rest of the world. Table 9 gives the percentage change of both exports and imports during the two study periods. It is noteworthy that except Sri Lanka and Maldives exports for other countries have increased.

Similar pattern is revealed in the case of imports except for Maldives where results exhibit a trend of negative growth of imports.

Individual analysis of SAARC countries export growth to other SAARC countries will reflect the conditions of trade in the international market.

First taking the case of Pakistan, it has negative growth rate with India. Its export to Bangladesh have declined compared with Bangladesh, Pakistan’s trade with Sri Lanka and Maldives grew positive from negative trend during 1972-85. Only in the case of Nepal, Pakistan’s exports have increased.

Examination of all other countries tables (refer to Appendix A) spotlights that only India is exporting to SAARC member countries and its exports also have risen as compared to pre SAARC period. Only in the case of Nepal the export have declined at the level that the growth becomes negative, whereas Bangladesh and Sri Lanka are mostly exporting to Nepal. Nepal’s exports to Bangladesh have increased over time. Bhutan is not included due to the inadequate data and in some cases Maldives data is also not available.
INCOME AND PRICE ELASTICITIES
IN SAARC TRADE

In the literature of econometric analysis of international trade, traditionally emphasis have been laid on price elasticities. Similarly the importance of income elasticities have also been realized especially in the case of growing economy. According to the Harry Johnson, International Trade and Economic Growth (Cambridge, 1958) under certain conditions the direction in which the trade balance moves over time depends initially on country’s income elasticity of demand for imports and on the rest of the world’s income elasticity of demand for each country’s exports.

The purpose here is to estimate demand elasticities for imports with respect to income and price for the SAARC member countries which are all developing countries.

Observations used over the period of 1973-1995 are based on time series data. All data is taken from the IMF’s publication “Direction of Trade Statistics” and World Tables, 1995.”

Throughout the analysis we have used the double logarithmic equations because of the generally superior fit and ease of interpretation. This study includes only Pakistan, India, Bangladesh and Sri Lanka. The other three countries could not be included due to the data limitations.

TOTAL IMPORTS WITH RESPECT TO SAARC COUNTRIES

Simple form import equation is used:

\[
\log M_a = \beta_0 + \beta_1 \log Y_a + \beta_2 \log \left( \frac{P M_a}{WPI_m} \right) + SDummy + \mu_a
\]
Where,

\[ M_t = \text{The country's imports during year } t \text{ in 1987 dollars} \]
\[ Y_t = \text{Index of the importing country's GNP} \]
\[ P_{Mt} = \text{Price index of imports with the } i\text{th country} \]
\[ W_{PL_i} = \text{Wholesale price index} \]
\[ U_t = \text{Error Term} \]

Thus the equation works with the relative price as import price and divided by the wholesale price.

Here for simplification purposes wholesale prices in common currency units have been changed into US$.

Finally here also used the SAARC dummy;

\[ \text{S Dummy} = \begin{cases} 1 & \text{for 1985 onward trade} \\ 0 & \text{for before 1985 trade} \end{cases} \]

to capture the SAARC effect in the country’s trade.

The results are presented in Table 9. Numbers in parentheses refer to the \( t\)-ratios. While looking through the equations the fit, as measured by \( R^2 \) is not very good but reasonable for all of the equations. Similarly the Durbin-Watson is mostly on the low side.

The SAARC dummy is for all the equations is insignificant except in the case of Sri Lanka imports from Pakistan and Pakistan’s imports from Sri Lanka, it is significant and positive. Otherwise it is negative and insignificant in Pakistan, India and Bangladesh cases whereas for Sri Lanka it is positive insignificant for India and Bangladesh.

The regression coefficient of income reveal mix results some significant while some significant. Some of the price variables also have incorrect signs.
CONCLUSION

The above analysis presents the behaviour of SAARC countries in the trade and comparison before and after the establishment of SAARC. Data expressed the poor export promotion performance among the SAARC. Trade among the SAARC countries has not been promoted even after the decade of its establishment. Partly it could be because of the technological transfer to the developing countries, structure of international trade and foreign debt polices. This is the reason why there is very slow progress in the South Asian region in exporting commodities which are highly capital intensive in nature. The future export growth of manufacturing items in this region will depend upon the changing pattern of comparative advantage in the region and partly to the trade policies of the developed countries.

In the case of elasticities the price elasticity estimated for imports are relatively small for SAARC countries and most of them are insignificant. Same is the case with the income elasticities. This pattern establishes the fact that there is virtually no major trade among the SAARC countries going on. Trade on only minor items is carried on. One of the reasons may be the political environment as is true in the case of India and Pakistan, the issue of Kashmir needs to be settled before any major advance is made. This situation has to be worked out if SAARC has to stay in the region and to become an effective regional trading organization.
# APPENDIX A

## TABLE I

Average Annual Growth Rates of Imports and Exports of South Asian Countries before and after the Establishment of SAARC (Percentages)

<table>
<thead>
<tr>
<th>Countries</th>
<th>EXPORTS Annual Average Growth Rate*</th>
<th>IMPORTS Annual Average Growth Rate</th>
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<td>Bhutan</td>
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*Refers to each Country’s growth in the total trade with the rest of the world

Source: Data on Imports/Exports is taken from *Direction of Trade Statistics* (IMF).

## TABLE II

Pakistan Export Growth to SAARC Countries (Percentages)

<table>
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<tr>
<th>Countries</th>
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<tr>
<td>Nepal</td>
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</table>

Source: Data on Imports/Exports is taken from *Direction of Trade Statistics* (IMF)
### TABLE III
India’s Export Growth to SAARC Countries (Percentages)

<table>
<thead>
<tr>
<th>Countries</th>
<th>Annual Average Growth Rate</th>
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<th>1986-95</th>
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Source: Data on Imports/Exports is taken from Direction of Trade Statistics (IMF)

### TABLE IV
Bangladesh Export Growth to SAARC Countries (Percentages)

<table>
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Source: Data on Imports/Exports is taken from Direction of Trade Statistics (IMF)

### TABLE V
Sri Lanka’s Export Growth to SAARC Countries (Percentages)

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Source: Data on Imports/Exports is taken from Direction of Trade Statistics (IMF)
TABLE VI
Nepal's Export Growth to SAARC Countries

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<th>Countries</th>
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Source: Data on Imports/Exports is taken from *Direction of Trade Statistics* (IMF)
The Role of SAARC in Achieving Political and Economic Stability and Cultural Development

S. M. AKRAM ULLAH

INTRODUCTION

During the last fifty years, regionalism has been striving to become a viable policy among the developing countries. The growing confidence of the developing countries in their nationhood and economic awareness and the feeling that there is a complementarily not only in the similarities but also in differences among their neighbours has in fast accelerated the process of regional corporation. The net outcome of this realization is visible. Regional forums like the Latin American Free Trade Association (LAFTA) Carribean Community (carriculum), Organization of African Unity (OAU), Gulf Cooperation Council (GCC), Association of South East Asian Nations (ASEAN) and of late South Asian Association for Regional Cooperation (SAARC) have already made their mark, though with varying degree of success.¹

SAARC is, in fact, the first demonstration of the growing interdependence among the South Asian nations. It is a regional organization of seven South Asian nations, viz Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

SAARC is supposed to be a manifestation of the determination of the peoples of South Asia to cooperate regionally to work together towards finding solution to their common problems in a spirit of friendship, trust and understanding and to create an order based on mutual respect, equity and phased benefits.²

S. M. Akram Ullah, Lecturer, Department of Political Science, Rajshahi University, Rajshahi, Bangladesh
In May 1980, the late President Ziaur Rahman of Bangladesh floated the idea of a regional cooperation in South Asia. This idea took its visible from, after a series of discussions and meetings, as SAARC (South Asian Association for Regional Cooperation) in 1985, when the first SAARC summit was held in Dhaka. Since then, nine SAARC summits have been held. The last one was held in Colombo the capital of Sri Lanka in 1998.

Our subject of discussion is the role of SAARC in bringing about political and economic stability and cultural development in the region during the last twelve years. It would be easier to discuss the matter if we have a brief idea of rationale, objectives, principles of SAARC and know about the main spheres of SAARC activities.

**RATIONALE BEHIND FORMATION OF SAARC**

In the global context, South Asian countries have 20 per cent of the world and 25 per cent of the third world population. It has 3.31 per cent of the land area of the world. As a whole, the zone is poor in natural resources and technology. Moreover, as transitional societies each of these countries has the common characteristics of socio-economic and political under-development. Under the circumstances, the need for the formulation of a regional cooperation forum was strongly felt. The rationale behind the formation of SAARC are as follows:

1. While other regions were benefiting amenable in the field of economy, social and cultural development through regional cooperation, the South Asian states had no such forum.

2. Joint efforts by these countries are likely to help them in efficient use of their limited natural resources. This also helps creating larger market and thus accelerate the pace of industrialization.
3. SAARC would increase the strength of South Asia in the North South negotiation.

4. SAARC would provide South Asia a strong voice in international forum.

5. It is hoped to reduce the political tension among the member states.

6. SAARC can develop joint ventures and can utilize the technical know-how of member states for common interest.  

7. SAARC can make a major contribution in keeping Indian Ocean as a “zone of peace.”

8. It can help to create self-reliant economic growth.

9. SAARC can help to remove the domination and repression of the developed world.

10. Within the existing unequal world structure, a new order can only be generated through regional cooperation.

THE MAIN OBJECTIVES OF SAARC

1. To promote the welfare of the people of South Asia and to improve their quality of life.

2. To accelerate economic growth, social progress and cultural development in the region and to provide all individuals the opportunity to live in dignity and to realize their full potentials.
3. To promote and strengthen collective self-reliance among the countries of South Asia.

4. To contribute mutual trust, understanding and appreciation of one another’s problem.

5. To promote active collaboration and mutual assistance in the economic, social, cultural, technical, and scientific fields.

6. To strengthen cooperation with other developing countries.

7. To strengthen cooperation among themselves in international forums on matters of economic interests.

8. To cooperate with international and regional organizations with similar aims and purposes.

**PRINCIPLES OF SAARC**

1. Cooperation within the framework of the Association is based on respect for the principles of sovereign equality, territorial integrity, political independence, non-interference in the internal affairs of other states and mutual benefits.

2. Such cooperation is the complement and not to substitute bilateral or multilateral cooperation.

3. Such cooperation should be consistent with bilateral and multilateral obligations of the member states.  

**GENERAL PROVISIONS OF SAARC**

1. Decisions at all levels in SAARC are taken on the basis of unanimity.

2. Bilateral and contentious issues are excluded from its deliberation.
INTEGRATED PROGRAMME OF ACTION

The Integrated programme of Action (IPA) in central to the whole SAARC process and there are at present twelve agreed areas of cooperation under IPA. At present IPA concers the areas of Agriculture, Communications, Education to Culture, Environment, Health and Population, Meteorology, Prevention of Drug Trafficking, Drug Abuse, Rural Development, Science and Technology, Tourism, Transport and the role of women in Development.9

SAARC IN ACHIEVING POLITICAL STABILITY

Generally by political stability we mean that political situation where the government in power (of course in a democratic system) is able to complete its due term-and the handing over of power takes place in a peaceful democratic manner political and economic growth, change and development goes on in a balanced and progressive. This also creates a friendly and cooperative attitude among the nations in the international and regional sphere.

Mistrust and rivalry among the nations is a common characteristic in South Asia. The colonial background and the manner in which they gained independence are at the root of such a state of affair.10 Despite these deep rooted bilateral mistrusts among the South Asian nations SAARC has come into being. At first India and Pakistan both the two powerful nations hesitated about the regional cooperation. India saw it as her neighbours “ganging up” to extract concessions while Pakistan apprehended that the forum would eventually further India’s interest only. The provisions of unanimous decisions and exclusion of bilateral broke these deadlocks and brought the countries together.

The approach of “cooperation in feasible areas despite outstanding issues”11 has been adopted in forming South Asian Regional Cooperation.
The short comings are: “1. too gradualistic and the complexities of current problems may overshadow the prospect of cooperation and even may misdirect the whole exercise, 2. the outstanding issues may be so serious that the scope of cooperation may itself be limited.”

It has been observed in 1986, when the India-Pakistan boundary problem reached its extreme point, the President of Pakistan, didn’t attend the second SAARC Summit. Even the provision of exclusion of bilateral issues couldn’t prevent such situation. Again, due to India’s request, SAARC summits are now taking place every two years, instead of being held annually. Thus, we may say that SAARC turned out to be less important for yearly regular meetings of the leaders.

Actually, competitive economy and super power rivalry between India and Pakistan and India’s big brotherly attitude towards other small nations of the region and other grave bilateral issues among the member states of SAARC is preventing the forum to function properly in achieving its goals and bringing political stability and development in the region. But still it is not possible to make any clear-cut comment about the role of SAARC in this sphere.

INFORMAL ACHIEVEMENTS

The informal political success of SAARC cannot be under estimated. There is no doubt that the organization has served as the forum for mitigating conflicts. There were occasions when inter-state tensions reached such a hight pitch that bilateral process of reconciliation between nations were totally suspended, yet contacts intiated within the framework of SAARC continued to be effective thus facilitating the process of crisis management between the states of the region.

For example, in the second SAARC summit in Bangladesh it became possible to have informal meetings of Tamil Rebels of Sri Lanka and ease the tensions there. Using the “SAARC cord”, Sri Lanka became successful in making powerful India to evacuate its soldiers from Sri Lanka.
Recently the Male Summit (1997) provided an opportunity for a series of bilateral meeting on the sideline including one between the Prime Minister of India and Pakistan. The two leaders agreed to set up a hotline, arrange release of prisoners and decided to set up working committees to discuss the issues that led them to war thrice since 1947. They both agreed to wipe the slate clean after 50 years of hostility.\textsuperscript{14}

Actually SAARC serves bilateral relations more effectively than it could possibly have with the issues on formal agenda. These sideline achievements in turn has left a strong impact on the institution itself. In the words of S. D. Muni, "The SAARC gathering have positively contributed towards creating better regional atmosphere in South Asia."\textsuperscript{15}

\textbf{ACHIEVEMENTS AS A FORUM IN THE WORLD COMMUNITY}

Again one of the rationale of SAARC was of representing the South Asian nations as a body in international forums and of gaining a strong voice there. This goal of SAARC has been achieved to some extent.

Prior to meeting of respective SAARC ministers now are often held before any world summit takes place. For example, in 1996, before the World Food Summit in Rome, a meeting of SAARC Agriculture Ministers and of other representatives were held to prepare a common SAARC position on the issue.\textsuperscript{16}

\textbf{SOCIO-POLITICAL ACHIEVEMENTS}

Again backwardness, poor political culture, and poor political socialization works as are behind political stability. Under the framework of SAARC, various socio – economic cooperative programmes has been taken with the aim of accelerating the process of modernization, e.g., programmes for eradicating illiteracy, poverty alleviation, programmes for establishing and developing women’s rights and equality, children’s rights and rights of the girl child.
SAARC conventions have been taken on narcotic drugs and drug trafficking and on suppression of terrorism. In the last Male Summit (1997) the leaders made emphasis on the need of making effective legislation in order to implement these conventions. Year 1989 was declared the SAARC year for combating Drug Abuse and Drug Trafficking.

In this summit it was also agreed to cooperate on poverty alleviation by the year 2002 through an agenda of action and by sharing resources and pooling expertise for strengthening laws, to prevent child prostitution and boosting of literacy level in the region.

Year 1990 was declared the SAARC year for the Girl Child and 1991–2000 the SAARC decade of plan of Action for the Girl Child. Again 2001–2010 has been declared the SAARC decade of the rights of the children. Various programmes relating to education, health, nutrition, sanitation, crime abuse and other issues having bearing on the life of the children and their development has been taken up. A cooperation agreement between SAARC and UNICEF (United Nations Children’s Fund) has been signed to implement through an annual agenda which includes joint studies, exchange of documentation and monitoring of implementation.

For women’s development, a resolution named ‘Dhaka Resolution for Woman’ had been adopted where economic issues for gender equality and empowerment of women have been recommended.

All these measures, have been taken by SAARC for the betterment and development of the societies and nations of the region. Poverty alleviation, literacy, women’s development and child rights, helps in developing the society politically as well. Only in a self-conscious and politically socialized society, it is possible to build strong, balanced political and economic institutions which in the long run bring political stability in the region.
SAARC is clearly a move in the right dissection in meeting the nation-building challenges that the states face in the South Asia. But we must admit that, what has been achieved in the political sphere during the last twelve years is far less than what have been expected from this forum.

SAARC IN ACHIEVING ECONOMIC STABILITY

Generally by economic stability we mean such an economic situation where it is possible to maintain an over all, balanced and at the same time rapid economic growth in a region.

The economies of all South Asian states are virtually dependent on industrial countries for aid, trade, finance and transfer of technology. The level of inter-regional cooperation was also very poor. There is a core-periphery relationship of South Asian countries with developed industrial countries in the field of economy and trade. The need for the economic co-operation among the regional nations of South Asia was felt deeply. It was the economic success of other regional forums that induced to form SAARC among the developing South Asian nations.

POVERTY ALLEVIATION

Poverty alleviation is at the top of the SAARC agenda. The forum is trying hard to combat this vicious problem but with very little success. Food security reserve centre came into existence, South Asian Development Fund in Dhaka has been established in 1996. The forum has attracted considerable attention of a large number of bilateral and multi-lateral donor countries as well.

AGRICULTURAL DEVELOPMENT

All the member states of SAARC have agriculture based economy. Development in the sector of agriculture is important for this field to promote technical cooperation under the framework of SAARC. In this
regards the SAARC Agricultural Information Centre (SAIC) has been established in Dhaka. Not only in agriculture, but also cooperation programmes in the technological and environmental fields have been launched which may ultimately bring about development in the economic structure and trade in the region.

COMMITTEES AND CONTRACTS WITH OTHER INTERNATIONAL ORGANIZATIONS

The Committee on Economic Cooperation (CEC), Intra-Governmental Group (IGG) on trade liberalization has been formed and they are working successfully.

With the aim of the betterment of economy and trade SAARC has also entered into agreements of cooperation with international and other regional organizations:

(a) A memorandum of understanding has been signed between SAARC and UNCTAD (United Nations Conference on Trade and Development) under which UNTCAD provides SAARC updated versions of its software viz Trade Analysis and Information System (TRAINs) which is a computerized information system containing latest information on trade control measures prevailing in fifty developed and developing countries.

(b) Similarly a Framework Agreement for cooperation with Economic and Social Commission for Asia and the Pacific (ESCAP) has been signed.

(c) An agreement has been signed with Asia Pacific Telecommunity (APT) for mutual cooperation. Besides such developments, agreements have also been signed between ITU, EU.

SAPTA LEADING TOWARDS SAFTA

South Asia’s share in world trade has consistently declined over the last forty years. The region’s share in global trade is only 0.8% of exports
and 103y, of imports and the trade within the region is only 3y, of global trade. More over nearly 6y, of global trade is conducted within free trade areas like EV or NAFTA. It has thus become imperative for the SAARC states to enhance intra-regional trade and to better safeguard its own interests in multilateral trade negotiations. This reasoning underpins the SAARC preferential Trade Agreement (SAPTA) which became effective from 7th December, 1995, the day when SAARC finished its first decade.

**BASIC PRINCIPLES OF SAPTA**

SAPTA provides rules and modalities for gradual liberalization of trade among SAARC member states. Its basic principle is reciprocity and mutuality of advantages so as to benefit all contracting states equitably taking into account their respective levels of economic development. SAPTA also provides special concessions to the least developed states, like exclusive tariff preferences, removal of non-tariff and para-tariff barriers. It also contains safeguard measures for countries with balance of payment problems and with procedure facing serious threats passed by import surges.

The central feature however, is multilateralisation of trade concessions even if there are negotiated bilaterally or tri-laterally. In other words, the concessions that are exchanged under SAPTA except those exclusively made for LDC’S, will be extended unconditionally to all contracting states. At present it has been agreed to give 10y concession of taxes upon 234 trade items on the basis of suitable conditions.

About SAPTA, former SAARC SecretaryGeneral Y.K. Silwal comments: “This Agreement of SAARC as it will go a long way in promoting intra-regional trade and in gradually removing trade barriers presently existing in the Member countries. It is expected to play catalytic role in promoting long term contracts among traders and
entrepreneur in the region and is likely to bring tangible benefits of regional co-operation which will go a long way in enhancing the welfare of the people.\textsuperscript{25}

SAPTA is moving very steadily and gradually in its path of economic development both for the small and least developed countries of the region and the industrialized ones, like India. But for highest benefit from such regional trading agreement South Asia must be declared a free trade zone and SAPTA must be turned into SAFTA (South Asian Free Trade Area). For this, “Inter-Governmental Expert Group on Transition to SAFTA” has already been formed to prepare an action plan. The huge trade imbalance between India and other least developed countries like Bangladesh, Nepal, Bhutan, must be brought into an acceptable position. Extension of tariff concessions along with removal of non-tariff barriers and structural impediments are being negotiated through SAPTA in order to move speedily towards the goal of SAFTA.

The landmark decision of the last Male Summit (May, 1997), was to create a free trade area in South Asia by the year 2001 to facilitate trade and increase economic linkages between the SAARC countries,\textsuperscript{26} i.e., forming SAFTA.

From 1996, meetings of Commerce Ministers of SAARC countries have already began and it has been decided at the Male Summit that Economic Cooperation conference and SAARC trade fair will also be held from now on along with those meetings.\textsuperscript{27}

This trading organization (SAFTA) is expected to help raise the standard of living of the people of the region, the poorest in the world, where 500 million people will live in object poverty.

**POSSIBILITY OF SAPTA AND SAFTA**

Of the persistent and pernicious regional rivalries could be settled fast so that this (SAPTA and SAFTA) could be the means of discovering
unlimited trade opportunity. But there is very little for this type of political situation.

But there are other problems too, for the region of SAARC is very poor in resources and particularly poor in infra-structural development needed for expanding trade, all of which does little inject enthusiasm among the member states for a long standing regional bloc. Most of the SAARC countries prefer to continue with their direct trading with other groups like the EV and do not expect to go in much from SAFTA.

But at same time individual nations like Bangladesh, India, Nepal, know that if they pull together individually as a region, they can make a little headway in improving either the environment or economic condition of people, despite the region's vast potentials. 28

Again in the Male' Summit the Bangladesh Prime Minister Sheikh Hasina mooted a proposal for creation of a South Asian Economic Community (SAEC). 29 Formation of this type of community may bring none economic growth through intensive cooperation. Recently Naval Officer of the Bangladesh Navy, has proposed maritime cooperation under the auspices of SAARC. 30 The proposed maritime cooperation, besides providing security to the nations may also help the sea trade of the region.

ROLE OF SAARC IN CULTURAL DEVELOPMENT IN THE REGION

In general usage, the term cultural cooperation among nations refers to both public and private and to both national and international efforts to promote the transmission of knowledge, skills, arts and information across national boundaries.

South Asia in a relatively advantageous position compared to other regions with regard to common past, culture and heritage. The countries of this region have many common elements of an overlapping heritage and a nascent sense of South Asian regional identity. 31 One of the
objectives of SAARC is to accelerate the process of cultural development in the region.

Accordingly besides IPA, SAARC has taken a number of programmes to promote people to people contacts in the region. Such as SAACR Audio Visual Exchange (SAVE) programme, SAARC Documentation Centre, SAARC Chairs, Fellowships and Scholarship Schemes, SAARC scheme for promotion of Organized Tourism, SAARC Youth Volunteers Programme, SAARC Visa Exemption Scheme and through the active cooperation of non-governmental organizations both at the national and regional level.

Under the SAVE programme, SAARC programmes are broadcasted regularly on the national TV channels of the SAARC member states on the first day of every month. The Documentation centre established in Delhi, provides the SAARC members with essential information, arranges seminars and special training on various fields of knowledge and technology. In these seminars participants and exerts from the SAARC countries gather information, exchange their views and a cordial relationship is developed among them. Besides SDC, various conferences of different professions such as of doctors, judges, engineers and journalists are being held. For example, in 1997 a conference of the judges of the SAARC countries was held in Dhaka. Under the fellowship, and scholarship students are studying in the SAARC countries. The SAARC students debating society has also been established. Under the SAARC Visa Exemption scheme people from different walks of life can easily travel in the SAARC countries which strengthens the people to people contact.

Besides, cultural exchange among the member has become a normal practice. Often cultural teams from Bangladesh tours the SAARC countries and cultural teems from other SAARC nations come to visit Bangladesh. Various cultural festivals take place in the SAARC countries every year. For example, Sri Lanka is going to hold a SAARC Film Festival this year (1989).
Sports is an important element of culture. Bi-annually SAF Games are organized among the SAARC countries. This not only helps to develop the players of this region up to international level but also to create a cordial and friendly relationship among the peoples of this region.

There people's participation and people to people cooperation at different levels plays an important role in achieving the goals of peace, stability and development in the region. Active cooperation in culture has also a direct bearing on the security and stability of the region.

South Asia is very rich in cultural heritage and all the countries of this region are concerned that this should not be allowed to be swept away by the western imperialist 'mass culture,' and SAARC is playing as an effective device in this field by establishing culture cooperation among the countries within a common set of cultural realization.

The cultural exchanges could help promote better understanding. But the states of this regional organization have their independent and distinct cultures which could not be sacrificed for the sake of cultural oneness. Distinct cultural identities needs to be preserved for building a bridge between the states of the region.

**EVALUATION AND CONCLUSION**

It is too early to comment whether SAARC is a complete success or total failure as it is still in its experimental stage, although within the last twelve years SAARC has grown as an institution and its scope and volume of cooperative have expanded.

The Political mistrust, fear among the member states towards each other and the bilateral problems are the main hindrances towards the fast progress and success of SAARC whether it is in the field of politics, economic development or cultural cooperation.
Though the cold war has ended, the arms race between India and Pakistan is still raging. This arms race between India and Pakistan and some other political tension between the two countries and the bilateral problems between India-Nepal India-Sri Lanka, India-Bangladesh, Pakistan-Bangladesh, threaten the functioning of SAARC. Even the success of SAPTA depends to a great extent upon solving these political tensions in the region. Still, SAARC is carrying in its activities, though with a very slow pace of progress when it is compared to other regional bodies such as ASEAN or NAFTA. In some spheres its performance is really frustrating.

Poverty alleviation is a top priority for which the SAARC was formed. Though SAARC has a plan of action for the children’s rights and rights of the girl children, the girl children of this region are still left to misery and are sexually abused.

However, it must be remembered that SAARC has survived despite the deep rooted mistrust among the member states. With such a background, relatively slow pace of development is not a matter of astonishment at all. Again it is to be mentioned that functionally and pragmatically mentioned interaction spurred by membership in SAARC have worked to decrease the source of tension. The process is a gradual one requiring the searching out of areas of common concern and “binding together those interests which are common, where they are common and the extent to which they are common.”

In this sphere, cultural exchange and cooperation among the SAARC countries has played an effective role. It brought the people of this region not only physically but also emotionally closer to each other.

Among the success of SAARC, SAPTA is regarded as a better regional arrangements. Again it took ten years for the member states to agree to such a beneficiary economic agreement.

It is hoped that the new ideas and new concepts of SAPTA and SAFTA may be the means for breaking the deadlocks left over from the past. If new dynamism can be injected, SAARC may prove effective organization of cooperation among the states in a number of fields already outlined provided the core issues such as that of Kashmir are settled.
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23. Ibid.


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Health Status of the Rural Elderly and their Socio - Economic Adjustment : A Study of two Villages in Bangladesh

A.K.M SHAFIUL ISLAM

Abstract

This paper discusses with the health problems faced by the elderly in their socio-economic adjustment in rural Bangladesh. The findings of the paper are based on data collected from two selected villages. The major focus of the study was to find out the economic problems faced by the elderly in the selected villages with special emphasis on their health status and social adjustment. The fieldwork for the study was conducted during March 1999 to April 1999. The research findings demonstrate that that most of the elderly in the sample frame tend to suffer from economic crisis. It is also found in the study that a sizeable number of them are facing major health problems.

INTRODUCTION

The plight of aging has now become recognized as a major social problem in the society. In the developed counties, the elderly face a number of personal problems : high rates of physical illness and emotional difficulties, low status, lack of meaningful role in the society. Similarly, in the developing countries, the elderly face a number of personal, economic and somatic health problems. Aging of human population is a phenomenon reckoned with different connotations in different countries and aging is a universal phenomenon in all human societies. Getting old is the result of the interplay of biological social, psychological and ecological factors. In the process of aging, the last phase of it is considered as decline and death. The aged are one of the

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most vulnerable and high-risk groups in terms of health, behaviour and socio-economic status in society.

The condition of the elderly is not only a mere function of the relatively immutable biological characteristics but also cultural characteristics, which happen to be changing at a rapid pace in Bangladesh society. Generally, Bangladesh is a country of young society but in demographic terms it is an aging society to indicate how the age structure of Bangladesh society is changing (Sattar, 1996). There are a number of ways by which the age structure can be shown. We can easily find out the situation from the age structure of Bangladesh. Median age is one of the simplest indicators of age structure. This is the age at which the population of a society is divided into two parts: one half is younger, and the other half is elder than the median age.

The total population of Bangladesh as taken in the censuses on 1911, 1921, 1931, 1941, 1951, 1961, 1971, 1981, and 1991 indicate the Bangladesh had always a low median age with a range of 16 years to 19 years (Rahim, 1969, Sattar, 1981, Kahir, 1994).

In developed and developing societies, one of the paradoxes of progress in social legislation can be seen in a tendency of dependency. The context of dependency in old age, defined as low access to resources, the distinction between access to individual and to family environmental resources is made a main point. It is argued that cultures stressing the value of individual independency promote dependency upon individual resources. Modern living and the disappearance of extended family set-up have resulted, as we know, in a tendency on the part of adult children to have households separate from those of their aging parents. In most of the cases in Bangladesh, the elderly normally live in
extended family; and the adult son generally lives in a separate household. This situation creates new physical and economic conditions which frequently require material and other resources exceeding by far those which would have been necessary if the aging person would have continued to live with her or his children or a at least in their vicinity. Again, there is a paradox in the situation in that this segregation of the aged person from his children and increasingly from his community has been advocated initially under the slogan of the preservation of independence for the aged. Later, the image of the dependent is imposed upon him, by those who actually have encouraged the aged person to deprive himself of all or part of the means to stay independent.

In Bangladesh society, among the people, there is a greater number of chronically ill and partly disable person than that in the young adult group. This fact contributes further to the image of the aged as dependents. However, it has been recently shown that this category of the elderly represents only a relatively small part of the aging population. Further, the size of this group varies from country to country and within countries according to the socio-economic and educational background of the individual and the community to which he belongs.

In demographic term, the relationship between the number of persons with that of disable persons is indicated by the dependency ratio which is usually constituted by the number of persons aged 60 or 65 years and above per 100 persons of working age 15 to 59 or 64. Though this percentage is normally used to denote the burdening of the productive population due to age consideration but in reality in developing countries like Bangladesh many aged persons above 60 years work hard to earn their livelihood and many children under 15 years do various type of economically gainful works to support themselves and their family members. In 1911 the dependency ratio in Bangladesh was 0.82 which means that there were slightly less between the ages of 15 and 59. In 1961 their ratio was 1.07; in 1991 it had risen to 1.11 (Sattar, 1981, Kabir, 1994).
Bangladesh emerged as an independent country a few years ago and now its population structure is changing. It is said, the aging process and its computation have started in this society recently. Because of reduction in fertility level and reduction in mortality level to be involved in aging of a population it is dichotomized as (1) aging at the base due to fertility reduction—the result of a slow-down of growth in the number of persons at the bottom of the age pyramid and (2) aging at the apex due to reduction in mortality—the result of an acceleration of growth at the top (UN 1956, Myers, 1990). The death rate in Bangladesh has rapidly leveled off at or just above 10 in the 1980s (BBS 1990) while the birth rate has not come down so much either before the 1980s or in the 1980s 33.2 in 1988 (BBS, 1990). As a result expectation of life has increased—(BBS 1990) and more and more persons have tendency to survive into their advanced ages of life (Sattar, 1996).

In a developing country like Bangladesh, the elderly issue is yet to receive the desired momentum. This is however, the fact that the proportion of 60+ people has started showing an increasing trend. It is estimated to go up from 4.4 per cent in 1951 to 7.5 per cent at the turn of the end of the century (Statistical Year Book of Bangladesh 1984-85). The estimates and projections made by the United Nations (1982) for the aged and other groups during 1980-2000 show a phenomenal increase in the 60+ persons in the Bangladesh population compared to the other age-groups, topping not only the developed region but also near to the less developed region (Table1).
TABLE 1

Increase in Percentage of Aged and other Age-group
1980-200

<table>
<thead>
<tr>
<th>Country Area</th>
<th>Age-Group (Year)</th>
<th>Absolute Increase of Population 65+(In Thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0-14</td>
<td>15-64</td>
</tr>
<tr>
<td>World</td>
<td>0.8</td>
<td>2.0</td>
</tr>
<tr>
<td>More Developed Regions</td>
<td>0.07</td>
<td>0.6</td>
</tr>
<tr>
<td>Less Developed Regions</td>
<td>0.09</td>
<td>2.4</td>
</tr>
<tr>
<td>India</td>
<td>0.4</td>
<td>2.3</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>1.9</td>
<td>3.1</td>
</tr>
</tbody>
</table>


RESEARCH CONSIDERATION

The concept of health of the elderly is an important component of aging problem. The concept of health and conversely, ill-health or illness are complex social constructions. There is no single concept common to all people and appropriate to all situations. It is said, there is a wide variety of alternative and often-conflicting definitions. So, for our purpose we shall consider mainly the ill-health of the elderly to understand the health of the elderly. At one extreme is what might be described as an orthodox disease model within ill-health is defined in terms of the existence of pathologies, and health is seen as the
elimination of this pathologies (Walker, Phillipson, 1985). On the other end of the spectrum, the cause of ill-health and the factors promoting good health are seen in terms of interaction between the individual and his or her environment.

According to the tradition of Bangladeshi society, the elderly would be dependent, mainly on their sons. The increase in the proportion of old person in the population will necessarily bring about changes in the socio-economic structure of the society. A major issue of the social concern is the health status of the aged. After infants and children, old people are the most vulnerable to morbidity and mortality as health impairment is a function of aging process. Further, the health related problems and needs of this groups are different as well. Considering the increasing tendency of the elderly in the coming years, a huge infrastructural development would become obvious necessary to take care of their health.

**DATA SOURCES AND METHODS**

This paper is based primarily on the data collected from two selected villages namely Nordashpur under Bagmara Thana of Rajshahi district and Brikasho under Gurudaspur Thana of Natore district. Apart from structured interviews on the subjects, informal discussion and in-depth interviews were also taken to collect relevant data. In the present study, a sample of 48 elderly (male) from village Nordashpur and 50 elderly (male) from Brikasho were chosen following the purposive sampling procedure. Both structured and unstructured questionnaires were used for interviewing these respondents. It may be noted that age of an elderly in present study is considered 55 years and above. Historically the people of Bangladesh are poverty stricken and their life expectancy had been very low until recently of 27 years. They had been (still today) poor victims of socio-economic calamities and deprivations. They usually earns their livelihood through humble means. They had although been aloof from
nutritional facilities and medical opportunities. As a result in most cases the process of aging starts, in fact, after their 50 years of age. Keeping this in mind the present study considers the persons of 55+ years have been considered as elderly people in the present study.

**ECONOMIC CONDITION OF THE ELDERLY**

Bangladesh is one of the most densely populated country in the world. It is also one of the least industrialized and least urbanized country in Asia. The vast majority (80%) of its population (some 88 million) live in rural or semi-rural areas (Payne, 1993). They poverty rate (70-80%) is extremely high and approximately 60 per cent of its population are landless (Huq, 1983). The population of this country are wholly or partly dependent on agriculture and other rural economic activities. The economic condition of the elderly in the village Nordashpur and Brikasho are not so good for their living. They have been facing severe economic hardship. Generally, the volume of income of the elderly is low as compared to younger people. As a result, they feel insecurely--socially and economically. The elderly of the landless family are the worst suffer in income earning, nutrition intake and social status.

The rural economic condition provides a different scenario from the urban elderly. As the large number of elderly in rural areas is economically active due to their engagement in traditional agriculture economy, their authority is well established through joint family system. Rural elderly people in Bangladesh culture are regarded by such terms as procreator and care taker of progeny, head if the family, transmitter of family traditions, norms and values, etc.

Nowadays, modern education, modern means of livelihood, exposure of the young members to urban and industrial areas, and their general fascination towards change have brought changes in the attitudes and
behaviour of young members. They now behave in different manner than the traditional norms and values. Now they are not ready to follow the traditions, norms and values of joint family. So in the families under transformations, elderly have to suffer many kinds of problems such as economic, health and others.

Analysis of the economic condition of the elderly of Nordashpur and Brikasho reflects that 41.86 per cent of the elderly are still responsible to earn for themselves and their family (Table 2). Actually only a few of them (16.35%) feel that they are capable of doing economic activities or other household works. Because they are financially solvent and their age category is 55-59 (Table 2). But 34.68 per cent of the lower class are compelled to earn for sustaining themselves or their families (Tables 2 and 3).

**TABLE 2**

Economic Status of the Elderly

<table>
<thead>
<tr>
<th>Age Categories</th>
<th>Income-earner</th>
<th>% of N</th>
<th>Partially Income-earner</th>
<th>% of N</th>
<th>Fully Dependent</th>
<th>% of N</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>55-59</td>
<td>39.02</td>
<td>16.35</td>
<td>8.33</td>
<td>2.04</td>
<td>9.09</td>
<td>3.06</td>
<td>21.45</td>
</tr>
<tr>
<td>60-64</td>
<td>41.46</td>
<td>17.35</td>
<td>33.33</td>
<td>8.16</td>
<td>18.18</td>
<td>6.12</td>
<td>31.63</td>
</tr>
<tr>
<td>70-74</td>
<td>00</td>
<td>00</td>
<td>16.67</td>
<td>4.08</td>
<td>39.39</td>
<td>13.26</td>
<td>17.34</td>
</tr>
<tr>
<td>75+</td>
<td>00</td>
<td>00</td>
<td>00</td>
<td>00</td>
<td>12.12</td>
<td>4.08</td>
<td>4.08</td>
</tr>
<tr>
<td>Total</td>
<td>41.86</td>
<td>24.48</td>
<td></td>
<td></td>
<td>33.66</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

N=98, n_e=41, n_u=24, n_l=33

**TABLE 3**

Distribution of the Respondents on basis of Social Class

<table>
<thead>
<tr>
<th>Social Class</th>
<th>55-59</th>
<th>60-64</th>
<th>65-69</th>
<th>70-74</th>
<th>75+</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper Class</td>
<td>4.08</td>
<td>7.14</td>
<td>2.04</td>
<td>1.02</td>
<td>1.02</td>
<td>15.31</td>
</tr>
<tr>
<td>Middle Class</td>
<td>7.14</td>
<td>11.22</td>
<td>12.24</td>
<td>9.18</td>
<td>2.04</td>
<td>41.83</td>
</tr>
<tr>
<td>Lower Class</td>
<td>10.20</td>
<td>13.26</td>
<td>11.22</td>
<td>7.14</td>
<td>1.02</td>
<td>42.86</td>
</tr>
<tr>
<td>Total</td>
<td>21.42</td>
<td>31.62</td>
<td>25.5</td>
<td>17.34</td>
<td>4.08</td>
<td>100</td>
</tr>
</tbody>
</table>
HEALTH STATUS AND AILMENT OF THE ELDERLY

Health and diseases are inseparably important while we are talking about elderly. It is clear that the health problem is a kind of barrier to social and economic condition and activities in every country. It is a severe social problem in the third world. In the case of Bangladesh, diseases are threatening to public health. Much serious type of disease like malaria, diarrhea, etc., has been found expanding its grip in recent years. These diseases become endemic in all over Bangladesh. The picture of public health of this country is disappointing and miserable in the absence of any promising measure taken by the government. Age is considered to be an important factor of human health. In general sense, young age is comparatively better than old age. Growing old is not considered to be a deviant factor of human life. It is normal, natural and inevitable.

Majority of the respondents has suffered from some illness at least for a week. The major complaints reported were: (1) muscular pain (2) digestive problem (3) general weakness and (4) dental problems.

So far as the prevalence of chronic illness is concerned, 38.78 per cent of the elderly are found to be affected at the time of survey. The major diseases are digestive problem, blood pressure, and chronic dysentery, rheumatism (joint pain). A sizeable proportion (42.84%) of the patients were suffering for duration of more than 5 years. Majority (63.27%) of the respondents are still suffering from such diseases.

Age differentials among the patients of chronic illness are as follows. Asthma is the most prevalent chronic disease found where blood pressure and digestive problems are also relatively common disease of the elderly. Hearing problem, eye diseases and chronic dysentery are the other common problems associated with old age (Table 9).
**TABLE 4**

Competency of the Elderly

<table>
<thead>
<tr>
<th>Age Category</th>
<th>Capable (n)</th>
<th>Not Disable (n)</th>
<th>Disable (n)</th>
<th>Total (n)</th>
</tr>
</thead>
<tbody>
<tr>
<td>55-59</td>
<td>15.31(15)</td>
<td>4.08(4)</td>
<td>2.04(2)</td>
<td>21.43(21)</td>
</tr>
<tr>
<td>60-64</td>
<td>11.24(11)</td>
<td>14.29(14)</td>
<td>6.12(6)</td>
<td>31.65(31)</td>
</tr>
<tr>
<td>70-74</td>
<td>3.06(3)</td>
<td>6.12(6)</td>
<td>8.16(8)</td>
<td>17.34(17)</td>
</tr>
<tr>
<td>75+</td>
<td>00</td>
<td>00</td>
<td>4.08(4)</td>
<td>4.08(4)</td>
</tr>
<tr>
<td></td>
<td>35.73(35)</td>
<td>36.73(36)</td>
<td>27.54(27)</td>
<td>100(98)</td>
</tr>
</tbody>
</table>

Figures in the Brackets indicate Number of Respondents

**TABLE 5**

Self-rating of the Elderly on their present health status

<table>
<thead>
<tr>
<th>Age Category</th>
<th>Good, n₁</th>
<th>Moderate, N₂</th>
<th>Poor, n₃</th>
</tr>
</thead>
<tbody>
<tr>
<td>55-59</td>
<td>13.27</td>
<td>6.12</td>
<td>2.04</td>
</tr>
<tr>
<td>60-64</td>
<td>14.29</td>
<td>12.24</td>
<td>5.11</td>
</tr>
<tr>
<td>65-69</td>
<td>3.06</td>
<td>10.20</td>
<td>12.24</td>
</tr>
<tr>
<td>70-74</td>
<td>00</td>
<td>4.08</td>
<td>13.27</td>
</tr>
<tr>
<td>75+</td>
<td>00</td>
<td>00</td>
<td>4.08</td>
</tr>
<tr>
<td></td>
<td>30.62</td>
<td>32.64</td>
<td>36.73</td>
</tr>
</tbody>
</table>

N=98, n₁=30, n₂=32, n₃=36

**TABLE 6**

Responses of Elderly on their Relationship with the Offsprings

<table>
<thead>
<tr>
<th></th>
<th>&lt;65</th>
<th>65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfactory</td>
<td>42.31</td>
<td>21.74</td>
</tr>
<tr>
<td>Moderate</td>
<td>32.69</td>
<td>34.78</td>
</tr>
<tr>
<td>Poor</td>
<td>25.00</td>
<td>43.48</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>
### TABLE 7
Adjustment Pattern of the Elderly with their Offsprings

<table>
<thead>
<tr>
<th>Age Categories</th>
<th>Satisfactory $n_1$</th>
<th>Moderate $n_2$</th>
<th>Poor $n_3$</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>55-59</td>
<td>13.26</td>
<td>6.12</td>
<td>2.04</td>
<td>21.42</td>
</tr>
<tr>
<td>60-64</td>
<td>9.18</td>
<td>11.22</td>
<td>11.22</td>
<td>31.64</td>
</tr>
<tr>
<td>65-69</td>
<td>5.10</td>
<td>10.20</td>
<td>10.20</td>
<td>25.52</td>
</tr>
<tr>
<td>70-74</td>
<td>3.06</td>
<td>5.10</td>
<td>9.18</td>
<td>17.34</td>
</tr>
<tr>
<td>75+</td>
<td>2.04</td>
<td>1.02</td>
<td>1.02</td>
<td>4.08</td>
</tr>
<tr>
<td></td>
<td>32.64</td>
<td>33.68</td>
<td>33.68</td>
<td>100</td>
</tr>
</tbody>
</table>

N=98, $n_1=32$, $n_2=33$, $n_3=33$

### TABLE 8
Distribution of Social Class of the Respondents

<table>
<thead>
<tr>
<th>Social Class</th>
<th>55-59</th>
<th>60-64</th>
<th>65-69</th>
<th>70-74</th>
<th>75+</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper Class</td>
<td>4.08</td>
<td>7.14</td>
<td>2.04</td>
<td>1.02</td>
<td>1.02</td>
<td>15.31</td>
</tr>
<tr>
<td>Middle Class</td>
<td>7.14</td>
<td>11.22</td>
<td>12.24</td>
<td>9.18</td>
<td>2.04</td>
<td>41.83</td>
</tr>
<tr>
<td>Lower Class</td>
<td>10.20</td>
<td>13.26</td>
<td>11.22</td>
<td>7.14</td>
<td>1.02</td>
<td>42.86</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

N=98, Upper Class $n_1=15$, Middle Class $n_2=41$, Lower Class $n_3=42$
TABLE 9
Type of Diseases of the Elderly

<table>
<thead>
<tr>
<th>Ailment</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not applicable</td>
<td>18</td>
<td>18.36</td>
</tr>
<tr>
<td>Severe short of hearing problem</td>
<td>6</td>
<td>6.12</td>
</tr>
<tr>
<td>Muscle pain</td>
<td>10</td>
<td>10.20</td>
</tr>
<tr>
<td>Digestive problem</td>
<td>64</td>
<td>65.31</td>
</tr>
<tr>
<td>Eye diseases</td>
<td>16</td>
<td>16.33</td>
</tr>
<tr>
<td>Rheumatism (Joint pain)</td>
<td>37</td>
<td>37.76</td>
</tr>
<tr>
<td>Asthma</td>
<td>16</td>
<td>16.33</td>
</tr>
<tr>
<td>Blood Pressure</td>
<td>21</td>
<td>21.43</td>
</tr>
<tr>
<td>Weakness</td>
<td>19</td>
<td>19.39</td>
</tr>
<tr>
<td>Orchities</td>
<td>5</td>
<td>5.10</td>
</tr>
<tr>
<td>Piles</td>
<td>5</td>
<td>5.10</td>
</tr>
<tr>
<td>Chronic Dysentery</td>
<td>11</td>
<td>11.22</td>
</tr>
<tr>
<td>Diabetes</td>
<td>6</td>
<td>6.12</td>
</tr>
<tr>
<td>Dental problem</td>
<td>38</td>
<td>38.78</td>
</tr>
</tbody>
</table>

Nevertheless, the elderly feel that they must adjust themselves with the situation and seek medical supports keeping with their economic ability. In the dry seasons the rural elderly generally suffer from various epidemic diseases like viral flu and diarrhoeal diseases and in the winter they suffer from common diseases like colds, bronchial/respiratory problems and other illnesses.

It is important to note that almost 66 per cent of the elderly people are suffering from various diseases. But they usually do not want to see a doctor. It is observed that most of the elderly take some kind of medicine for their health problems. In any case when they get seriously ill they normally tend to see quack doctors. However the quack doctors without proper diagnosis-prescribe medicine like Paracetamol, Antacid, Painkiller
and Anti-biotic. It is found from that 51.02 per cent of them had taken treatment from the quack doctors and 31.63 per cent had taken treatment from M.B.B.S doctors from Thana Health Care Center. Only 21.43 per cent of the elderly are mainly suffering from heart diseases and blood pressure. They had taken treatment under specialized doctors. In those cases, it is found that the relatives of the patients have been living in Rajshahi town who sometime bear the financial expenses for treatment. The elderly of the village seldom visit qualified doctors excepting for the cases of very serious health hazards. However, when they feel better improved they usually stop taking treatment from qualified doctors. In some cases they tend to be fatalistic leaving their future upon the mercy of the Almighty. Hence, disease is not the single factor causing health problems of the elderly, economic constraints, social and religious attitudes are also important factors in this regard.

Observations about the mental condition of the elderly tends to show that many others are suffering from anxiety and depression of various levels. Almost 66 per cent of them are suffering from anxiety and depression. A number of factors like social, economic and physical are found responsible for such anxiety and depression among the elderly. About 22 per cent of the elderly aged above 69 feel that there depression is caused by physical problems. Actually, rural people seem to believe that it is quite normal for elderly to be sad, since they are approaching the end of their lives. Hence, economic hardship, ill health and inability are the common syndromes of the elderly, which are unavoidable at that stage of life.

**ADJUSTMENT AND RELATIONSHIP WITH FAMILY MEMBERS**

The life style of the elderly in the family depends upon their adjustment with his own family members. The more cordial the relations between the elderly and other family members, the better be the life satisfaction of the elderly person. On the other hand, strained relation in
this regard makes life of the elderly miserable and distressed. The adjustment pattern of the elderly with other younger members in their family depends largely upon the norms, values and existing practices in the society. Generally, this adjustment and relationship pattern is related with the health and economic conditions of the elderly. The observation of the study demonstrates that 33.66 per cent of the elderly feel very unhappy, because of their poor health, disability for economic gainful work and lack of wealth. They feel they are considered as burden of their families.

**OFFSPRING**

Children are the primary sources of economic and mental support in old age. In this study significant changes are observed in the relationship is strained between them after 65. Early elderly (55-64), 42.31 per cent are satisfied with their children and others. But elderly (43.48%) are not satisfied with their offspring’s (Table-7).

A deterioration in inter-personal relationship between elderly (<65) and offspring is seen to be higher among elderly (65+) than younger. This may be due to greater dependence of the elderly after 65 age on their children for the fulfillment of various needs.

The observation of the study reveals that the relationships and adjustment between generations have undergone substantial change and modification. Actually care and social support provided for the elderly by their children and other members are no longer a simple function of the family relations as it was found before. Now it depends on personal relations and closeness of the elderly with their younger members of offspring.
### TABLE 10
**Treatment Pattern of the Elderly**

<table>
<thead>
<tr>
<th>Type of Doctors</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specialized Doctor</td>
<td>4</td>
<td>4.08</td>
</tr>
<tr>
<td>M.B.B.S Doctors</td>
<td>31</td>
<td>31.63</td>
</tr>
<tr>
<td>Quack Doctors</td>
<td>50</td>
<td>51.02</td>
</tr>
<tr>
<td>Homeopathic Doctors</td>
<td>13</td>
<td>13.27</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>98</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

### TABLE 11
**State of Mental Situation of the Elderly**

<table>
<thead>
<tr>
<th>Situations</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do not feel Depressed and Incapable</td>
<td>22</td>
<td>22.45</td>
</tr>
<tr>
<td>Major Health Problems</td>
<td>28</td>
<td>28.57</td>
</tr>
<tr>
<td>Fear of Death</td>
<td>21</td>
<td>21.43</td>
</tr>
<tr>
<td>Economic Crisis</td>
<td>27</td>
<td>27.55</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>98</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

### TABLE 12
**Decision-making on Family Maintenance and Financial Matter**

<table>
<thead>
<tr>
<th></th>
<th>Self</th>
<th>Son</th>
<th>Self and Son</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>≤65+</td>
<td>≤65+</td>
<td>≤65</td>
</tr>
<tr>
<td></td>
<td>27.55</td>
<td>7.14</td>
<td>18.37</td>
</tr>
<tr>
<td></td>
<td>(27)</td>
<td>(7)</td>
<td>(18)</td>
</tr>
<tr>
<td></td>
<td>65+</td>
<td>65+</td>
<td>65+</td>
</tr>
<tr>
<td></td>
<td>8.16</td>
<td>14.29</td>
<td>24.49</td>
</tr>
<tr>
<td></td>
<td>(8)</td>
<td>(14)</td>
<td>(24)</td>
</tr>
</tbody>
</table>

Figures in the brackets indicate Number of Respondents.
STATUS OF THE ELDERLY IN THE FAMILY

In the context of Bangladesh society, the position of the elderly is high and respectful. Generally, they are helped and honoured by all the members in the family. For the crucial matter in the family, it is said that elderly are assets not liabilities. But the situation is changing. Nowadays, elderly have to suffer many kinds of problems such as financial capacity, authority exercise, mental state, etc.

The role of the elderly in decision-making relating to financial matter of the study is the best indicator of the status of the rural elderly in their families. It is found that only 35.71 per cent of the elderly can play a role in decision-making of their families whereas 21.43 per cent of them cannot participate in this process. In this study significant change is observed in the participation on decision-making before and after 65 years (Table12).

Generally the elderly are traditional head of their families in the rural areas. Findings of the present study show that only 35.71 per cent of the elderly are actual head of the family and 64.29 per cent elderly cannot play vital role on decision-making. So, large proportion of the elderly are nominal head of their families. Among those who are able to take partial role in decision making it is found that their decisions are related mainly to marriage, purchase of some valuable goods selling of property etc. The elderly persons are either consulted or simply informed about the affairs of family, viz., marriage, purchase of some valuable goods, selling of property. However those who play some role in decision making about marriage, purchase of some valuable goods, selling of property etc. in the family, it virtually appears as a matter of convention. As a tradition in the rural society of Bangladesh, the young members generally respect the elderly.

CONCLUSION

Although it is difficult to make generalization about the elderly in rural Bangladesh from the study of two villages like this, the present paper goes a long way towards the understanding of the status of health and the adjustment pattern of the elderly in this country. It is because of
the fact that the situation concerned with the elderly are generally similar in all villages of Bangladesh.

The analysis make so far in this study, describes and demonstrates the way in which proper use of questionnaire and observation techniques lead to a better interpretation of measurement of different aspects of the aging problem in Bangladesh. These also guide us to a deeper understanding on the issue. Our findings revealed that the economic condition and social status of the elderly have gradually deteriorated and the most of the elderly had to face economic hardship. It is to be remembered however, that deterioration of health and other social conditions are almost anonymously considered to be automatically accompanied by old age.

Sociologically, the concept of the elderly connotes deterioration of health and reduction of economic activities, group participation and social interaction. Eventually, it creates a social problem. From this study it is also clear that most of the elderly suffered from various health problems and that their adjustment pattern with their family members was not very smooth. The social condition of the elderly portrays their marginal situation in the society. Therefore further empirical research work must be carried out in order to increase our knowledge regarding the different facets of problems of the elderly.

BIBLIOGRAPHY


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Social Security Systems of Hong Kong, Singapore and Taiwan

LINA VYAS

Abstract

Social Security is the most complex and contested area of social policy. Social security provides income during the no income period or interruptions. Social Security is closely linked with the process of industrialization. Hong Kong, Singapore and Taiwan are industrially the fastest growing countries in Asia but very little have been reported about their social security provision. The aim of this paper is to examine the effectiveness of the social security systems in Hong Kong, Singapore and Taiwan. The question arises as to what is an effective social security system? An effective system should be able to abolish poverty and provide social security to the elderly population and needy. To measure the effectiveness of the social security system, the present social security system of the three countries have been reviewed and various other aspects examined. These aspects are - pattern of family structure, general-social, economic and political characteristics, the need for social security, and the development goals and strategies of the different countries.

INTRODUCTION

Social Security is the most complex and contested area of social policy. Social security provides income during the no income period or interruptions. Social security makes us do what we ought to do but would not do if we are not forced to do. The global expansion of social security was accompanied by widespread optimism that the problems of poverty and deprivation would finally be eradicated. Social security programmes

Ms. Lina Vyas, Department of Public and Social Administration, City University of Hong Kong.
offered the prospect of providing effective social protection against risks that reduced, interrupted or terminated income. In societies the causes of poverty were unemployment, disability, death, sickness, old age and wage unemployment (Midgley, 1997). Social security promises to maintain income during periods of need. It is a major instrument for the relief of poverty.

Social Security is closely linked with the process of industrialization. It is believed that as a country steps towards industrialization, the social security system develops. Hong Kong, Singapore and Taiwan are industrially the fastest growing economies of Asia. So impressive are their economics and industrial achievements that they are termed as the “Dragons of Asia” and studies have been made to account for their successes (Chen, 1979). However, their attentions are focused on industrialization and the area of social security is neglected.

The aim of this paper is to examine the effectiveness of the social security systems in Hong Kong, Singapore and Taiwan. The question arises as to what is an effective social security system? An effective system should be able to abolish poverty and provide social security to the elderly population and needy. To measure the effectiveness of the social security system, the present social security system will be reviewed and various other aspects examined. These aspects are pattern of family structure, general-social, economic and political characteristics, the need for social security and the development goals and strategies of the different countries.

Relief and assistance measures have existed in Hong Kong, Singapore and Taiwan long before they were industrialized. In case of Hong Kong, the government, in 1971, introduced a cash public assistance scheme to guarantee a minimum living standard for needy
residents; a similar scheme in Singapore has become a last resort for the indigent. In Taiwan, no unified public assistance scheme was initially in operation, and only the poor, sick, aged and disabled as well as those suffering from natural disasters and calamities, are eligible for relief and other forms of support (Chow, 1988).

### TABLE 1

<table>
<thead>
<tr>
<th></th>
<th>HONG KONG</th>
<th>SINGAPORE</th>
<th>TAIWAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory public</td>
<td>Minimal public assistance.</td>
<td>Central Provident Fund (compulsory national saving: employer 10 per cent</td>
<td>Minimal public assistance.</td>
</tr>
<tr>
<td>assistance</td>
<td></td>
<td>employee 25 per cent / employee 25 per cent</td>
<td>Labour insurance compulsory for nearly all workers; employer (4/5)</td>
</tr>
<tr>
<td>Special</td>
<td>Special Allowance (indexed) for the elderly / disabled</td>
<td>-Medisave (hospital bills)</td>
<td>employee (1/5); total 7 per cent lumps sum on retirement.</td>
</tr>
<tr>
<td>Allowance</td>
<td></td>
<td>-housing deposits, etc.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>-lump sum for annuity.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Catherine Jones. *Hong Kong, Singapore, South Korea, and Taiwan: Oikonomic Welfare States*, 1996.

### HONG KONG

Despite of Hong Kong’s outstanding economic achievements, poverty and its threatened occurrence continue to be an important social policy issue. Many have remained poor, especially the elderly. There is increasing problem of single parent families, sick, disabled and unemployed. Hong Kong’s affluence points up the severity of its poverty. The housing for the poorest is restricted to less than 50sq. ft. per head. Possessions are few and social activity is minimal. The elderly, who are majority of the poorest, live a very hard life.

Social assistance in Hong Kong is facing potential crisis as the number of recipients grows and debates on the levels of allowance force
to be higher. In five years, expenditure on social security has risen from one billion HK dollars to six billion (Brewer, 1997, p. 73.). The people are now more willing to apply for assistance.

"The basic principle underlying the provision of social security is that it is the Government’s responsibility to assist the disadvantaged members of the society with financial or material assistance appropriate to their circumstances. The overall objective of social security in Hong Kong is to provide for the basic and special needs of the members in the community who are in need of financial or material assistance."

(The 5 Year Plan for Social Welfare Department in Hong Kong 1995, p.51)

Social Security in Hong Kong is tax funded and organized under Social Welfare Department. The assistance is the only state social security payment of subsistence income. Public assistance in Hong Kong is consciously and deliberately residual and is to be “concentrated on those who are least able to help themselves, which means primarily those invulnerable group—the elderly, the disabled and the poor (Hong Kong, 1977).

In 1971, the Hong Kong government introduced a means test Public Assistance Scheme that would deliver benefits in cash. The provisions were not very beneficial. Those who were beyond working age, or unable to work could apply for the benefits provided by this scheme. There was an inclusion of the registered unemployed later. This scheme was renamed in 1993 as the Compensation Social Security Assistance. All those in financial need are eligible, including those in employment at low earning, but recipients of assistance were mainly old.

For the poor of Hong Kong, a very restricted assistance scheme is the only source of social assistance. The families find it difficult to support the elders due to changed lifestyles and increased expenditures. This has brought the old in a more desperate situation.
TABLE 2
Expenditure on Social Assistance

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure on PA/CSSA (HK$m)</th>
<th>PA/CSSA Expenditure as Percentage of Total Social Welfare Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-91</td>
<td>960</td>
<td>16.5</td>
</tr>
<tr>
<td>1991-92</td>
<td>1136</td>
<td>16.4</td>
</tr>
<tr>
<td>1992-93</td>
<td>1409</td>
<td>18.0</td>
</tr>
<tr>
<td>1993-94</td>
<td>2443</td>
<td>26.6</td>
</tr>
<tr>
<td>1994-95</td>
<td>3427</td>
<td>31.3</td>
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<tr>
<td>1995-96</td>
<td>4236</td>
<td>29.0</td>
</tr>
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</table>

Source: Hong Kong Annual Digest of Statistics (Various years).

The Table 2 shows that the expenditure of the CSSA has risen. The number of people receiving assistance too has increased. If judged by the wealth and income levels of the community, the payment rates are low. The basic rate from April 1996 is HK$ 1615 per month up to the age of 59 and HK$ 1935 for those 60-69, with higher rates to those over 70 and those with disabilities (Brewer, 1997).

Social Security Allowance is given to the old and disabled. The Accident Compensation Scheme consists of emergency relief services.

The employer has to provide to the labour, labour protection, which covers severance payments, industrial injuries, sick pay, etc. The government gives tax allowance for children caring for elderly parents.
TABLE 3

Social Security Schemes in Hong Kong

<table>
<thead>
<tr>
<th>Programmes</th>
<th>Eligible Recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSSA Scheme:</td>
<td>Mean-tested. Any person whose income and resources are below the prescribed level</td>
</tr>
<tr>
<td>Social Security Allowance Scheme</td>
<td></td>
</tr>
<tr>
<td>Normal Old Age Allowance</td>
<td>Any Person aged 65-69</td>
</tr>
<tr>
<td>Normal Disability Allowance</td>
<td>Any Person aged 70 or more</td>
</tr>
<tr>
<td>Higher Disability Allowance</td>
<td>Any severely disabled person</td>
</tr>
<tr>
<td>Accident Compensation Scheme:</td>
<td></td>
</tr>
<tr>
<td>Emergency Relief</td>
<td>Any victim of natural and other disasters.</td>
</tr>
<tr>
<td>Criminal and Law Enforcement Injuries</td>
<td></td>
</tr>
<tr>
<td>Compensation Scheme.</td>
<td>Any person injured, disabled or killed due to a crime of violence or law enforcement</td>
</tr>
<tr>
<td>Traffic Accident Victims Assistance Scheme</td>
<td>Any victim of a traffic accident.</td>
</tr>
</tbody>
</table>


STRENGTHS OF HONG KONG SOCIAL SECURITY SYSTEM

Hong Kong social security guarantees a basic living standard for its citizens. It has assumed the responsibility of the state while maintaining the philosophy of non-intervention and low taxation. Social security in Hong Kong is a safety net for those who are unable to support themselves. It has a rather comprehensive coverage with independent appeal, e.g., CSSA, Accident Compensation Scheme, Criminal and Law Enforcement Scheme. The social security policy is a policy of minimum expenditure, minimum intervention in the market. It provides with immediate assistance.
ARE THE SOCIAL SECURITY SCHEME EFFECTIVE?

Hong Kong social security system has not developed as much as expected because of various reasons. The government is reluctant to believe that it is less possible for the family to support with the existing strong family network. There is the fear of dependency (real or stated) and self-reliance if there is a very effective social assistance system.

The government has not provided retirement benefits for the retirees. There is a proposal for the MPF, which will be implemented by 2000, but there are likely problems and questions. Hong Kong has already got a big aging society. There will be a problem for the next twenty years even if the MPF gets going; there will be pressure to help the current elderly. Secondly there is no provision for the non-working. No doubt, in the future, it will be a very successful scheme, provided that there is no inflation and the stock market does well or else inflation will eat up the value. The scheme has defined contributions but has not defined benefits. More cover, in a place like Hong Kong where there are contract works and there is no guarantee of job security, the benefits will not be much.

The CSSA no doubt exists but its philosophy is residual, deterrent and stigmatizing. The level of assistance provided is not enough for a modest standard of living. The recipients spend up to 70 per cent of the assistance on food. If adequate assistance is given, only 30 per cent should be spent on food. There is absence if 100 per cent coverage of the scheme. People in need, who are entitled, but do not claim it. (MacPherson).

International survey of retirement benefits in 20 countries in early 1990s rated Hong Kong as the worst. It is very unusual for a country like Hong Kong with an extensive level of development to have no universal retirement protection.
Many people in Hong Kong are below the poverty line. Research suggests that continuance of poverty in Hong Kong on a significant scale. 10 per cent to 14 per cent of the population is in poverty (MacPherson, 1997).

The government has left maternity and sickness to employers. These benefits depend on the market position of the employers.

**SINGAPORE**

In 1953, the colonial government set up the Central Provident Fund (CPF) which was a state-funded compulsory saving scheme and it took over the then-existing public and many private pension schemes. Singapore’s social security system through its Central Provident Fund has gone beyond old age provisions. A British legacy, this fully funded CPF scheme has been refined into an all-purpose package for home ownership, medical, local tertiary education and asset ownership. It has become a life-long provision through a portfolio of continuous managed investment (Choon, 1996).

In Singapore, social policy is not separated from the economic policy. The CPF accumulates capital that in turn has multiple positive effects, both social and economic, for households and the nation as a whole. CPF accounts are used for a wide range of social and economic purposes including retirement security, home ownership, medical care, life and health insurance, education and several types of investments. The key characteristics of CPF are: (1) individual account; (2) defined contributions (rather than defined benefits); (3) funded accounts (rather than “pay as you go”); (4) partitioned accounts with funds segregated for different purposes; (5) complete probability of benefits from one employer to another (Midgley, 1997). Members have fully owned accounts, backed by government reserves, and the accumulated money can be used, within stated guidelines, for a variety of social and economic purposes.
There are various schemes under the CPF and a summary observation will be useful:

*Provident Fund (1955)*: Poverty incidence among the aged in Singapore is disproportionately high. The major objective is to build up enough saving to sustain the member retirement. It also provides the family partial support in case of death or permanent incapability.

*Public Housing (1968)*: This permits a withdrawal before the age of fifty-five for the purchase of public housing. This helps most of the Singaporeans to own their own properties.

*Singapore Bus Service Shares (1978)*: Government officials decided to take over several small bus companies and combine them into a more efficient publicly traded company. CPF members were allowed to use their accounts to purchase the shares.

*Residential Properties (1981)*: This scheme enabled the Singaporeans to buy private residential properties.

*Home Protection (1981)*: This was a compulsory mortgage-reducing plan that protected the families from loss of their home after the death or disability of the member.

*Medisave (1984)*: This contributes towards the health care of the member. Medisave is the world’s only national programme using individual saving accounts for health Coverage.

*Investment (1986)*: CPF funds could be used in the Singapore stock market.

*Non Residential Properties (1986)*: This was designed for the use of purchasing. Commercial properties as an active or passive investment.
<table>
<thead>
<tr>
<th>CPF Scheme</th>
<th>Data Introduced</th>
<th>Social Objective</th>
<th>Policy Mechanism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provident fund</td>
<td>1955</td>
<td>Retirement and family security</td>
<td>Individual saving</td>
</tr>
<tr>
<td>Public Housing</td>
<td>1968</td>
<td>Housing and investment</td>
<td>Home ownership</td>
</tr>
<tr>
<td>Singapore Bus Services</td>
<td>1978</td>
<td>Investment and Transportation</td>
<td>Share ownership</td>
</tr>
<tr>
<td>Residential Properties</td>
<td>1981</td>
<td>Housing and Investment</td>
<td>Home ownership</td>
</tr>
<tr>
<td>Home Protection</td>
<td>1981</td>
<td>Family Security</td>
<td>Insurance</td>
</tr>
<tr>
<td>Company Welfarism</td>
<td>1983</td>
<td>Companies decide on use of fund</td>
<td>Pooled fund at company level</td>
</tr>
<tr>
<td>Through Employees’ Contribution: Medisave</td>
<td>1984</td>
<td>Health Care</td>
<td>Individual Saving and Intra-family Transfer</td>
</tr>
<tr>
<td>Non-Residential</td>
<td>1986</td>
<td>Investment</td>
<td>Property Ownership</td>
</tr>
<tr>
<td>Properties</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td>1986</td>
<td>Investment</td>
<td>Property Ownership</td>
</tr>
<tr>
<td>Minimum Sum</td>
<td>1987</td>
<td>Retirement Security</td>
<td>Forced Annuity and Intra-family Transfer</td>
</tr>
<tr>
<td>Dependent Protection</td>
<td>1989</td>
<td>Family security</td>
<td>Insurance</td>
</tr>
<tr>
<td>Education</td>
<td>1989</td>
<td>Tertiary Education</td>
<td>Loan and intra-family support</td>
</tr>
<tr>
<td>Medisheild</td>
<td>1990</td>
<td>Health Care</td>
<td>Insurance</td>
</tr>
<tr>
<td>Shares Top-Up</td>
<td>1993</td>
<td>Investment</td>
<td>Matching grant for Security Ownership</td>
</tr>
</tbody>
</table>

Minimum Sum (1987) : This scheme was a forced annuity that seeks to ensure that CPF members have a small but steady income after the age of sixty.

Education (1989) : This allows to use 40 per cent of the investable saving to pay for their own or their children’s tertiary education.

Dependent Protection (1989) : This was introduced as an optional life insurance scheme. It provides for supervisor's benefits in case of permanent total disability or death of primary income-earner before the age of fifty-five. It provides a fixed sum of $30,000 to the survivors of the insured.

Industrial Injuries Programme : The act requires all employers to take out policies with private insurance companies for all the manual workers and those non-manual workers earning less than $1200, excluding casual workers, out workers and domestic servants. The maximum an minimum amounts payable in case of permanent incapability are $105,000 and $35,000 respectively.

Medishield (1990) : Medishield is designed as low-cost catastrophic illness insurance, giving extended illness coverage to members and their dependents.

Thus it is seen that the CPF provided with a variety of income maintenance programmes, children’s allowance, and health care programmes. Apart from the CPF Singapore have other social security programmes.

Public Assistance : Public Assistance is very restricted and provides low benefits. This caters to the poor, not covered by other income maintenance programmes. However, it is available only to those who are old, disabled, chronically ill or vagrant. The public assistance rate is currently set at $140 per month for a single person, $270 for a
family of three adults and $345 for a family of one adult and two children. The employable poor are assisted with an interest-free loan to start their own business. The Public Assistance rates for more than one-person households are about 25 per cent lower than what the government considers as the MHE-minimum household expenditure (Ramesh, 1992, p.1.97).

**Tax Relief**: The government provided tax relief to elderly to encourage them to continue working after retirement. Those between 55 and 59 years of age enjoy tax relief of $3000 and those above 60, a relief of $4000 on their earned income. A tax relief of $3500 is given for supporting each elderly parents/grandparents and handicapped siblings. Tax relief was also provided on employer and employee contributions to CPF on interest and withdrawals.

**Employers**: The employer has to provide industrial occupational injury coverage and provide other benefits, e.g., sick pay.

**Government encouragement to family**: Maintenance of Parents Act enforced on 1st June 1996, enables parents to take legal action against children who fail to support them. “Encouraging families to assume greater responsibility in looking after their less fortunate members is an archstone of the government’s social strategy”. (Ramesh, 1992, p.1101).

**STRENGTHS OF SOCIAL SECURITY IN SINGAPORE**

The main strength of provident fund mechanism is that it does not involve expenditure from the government treasury and even more importantly, mobilizes saving at low cost, which can be used for development purposes. In many respects the CPF has been successful: multiple policy purposes are integrated into single system; bureaucracy is
kept minimum, participants feel empowered by possessing CPF funds; vast majority of Singaporeans have their own houses; Medisave has helped to contain healthcare costs; and a great deal of capital has been accumulated, which in turn has had positive macroeconomic effects. The social security in Singapore has been able to achieve aims of welfare as well as security. The government has been able to successfully organize and deliver social security through CPF, which is a comprehensive and centralized scheme. It covers retirement, housing, health, sickness, and avoids over lapping. It has a positive socio-economic impact. It helps in the accumulation of wealth and inculcates a sense of social security among the citizens. The scheme has a positive psychological and security impact. It helps in preserving family and community ties. It empowers the individual to make free choice.

**HOW EFFECTIVE IS SOCIAL SECURITY IN SINGAPORE?**

The strategy of confining a minimal role of the state for social security and giving importance to private agencies does have its merits. No doubt that the low state spending in Singapore has permitted low taxes which have encouraged foreign investment. But offsetting these virtues there are serious limitations with respect to adequacy and equity or even feasibility in the long run. There are many views regarding the role of the state in providing social security...“Social Security is still looked upon in Singapore as a costly burden which should as far as possible remain the responsibility of the individual” (Queisser, 1991, p.133). “Singapore government’s long term strategy is to confine the role of the state in social security to the minimum while expanding the family, community and employer as provider of voluntary social protection.” (Keng Lee, 1997, p.29).

Though CPF is a compulsory saving scheme, only 70 per cent of the total population are covered. This scheme is not applicable for the self employed. This does not cover part time, temporary contract, foreign
workers and unemployed. These people have to depend on the residual assistance scheme. There are questions about how adequately it covers for the retirement. In the mid-80s seven in ten people over the age of fifty-five relied on their families and only 1 per cent used CPF as the main source of retirement income (Asher, 1998). Many people nearing retirement have low balances and expectation of life is high and rising. An estimate is that one in five men and one is three women reaching age of 60 in 2000 will have no CPF. (Ramesh, 1992, p.1095).

Generally, the success of CPF depends on--steady income, length of retirement, successful investment, rate of inflation during contribution period and during retirement, how lump-sums withdraw at the age of 55 are used, how much is withdrawn career to fund other benefits, e.g., housing education. While analysis of the real rate of return is hampered by lack of a consumer price index tailored to the needs of the elderly, available evidence certainly indicate that for the bulk of the thirty years between 1961 and 1990 the real rate of return (nominal interest paid on CPF balances minus the published consumer price index figures) have been positive. There is however, a margin of error, as a sustained lagging of nominal rate behind the rate of inflation relevant to the spending needs of the elderly could mean lack of inflation protection in this area (Asher,1993).

The contributions of the CPF are high (20 per cent) and cause problems to some lower paid workers though the poorest are exempted. The tax concessions on contributions for employers and employees give benefit to the better off, the poor loose out on it. The scheme offers least to those who need it the most. It is just concerned with past saving and has nothing to do with needs. It does not address the problems of those working for low-paying jobs that do not allow them to save for interruptions or income loss. Privatization of medical services has made them expensive and out of the reach of the poor.
The effectiveness of family as a social security mechanism in the modern world is questionable. There may be cases when a person has no family or else the family is poor to look after them.

Employer provided benefits too depends on the market position of the company. People working for small companies are often given a few benefits.

Singapore has the second fastest increase in aging in the world. Elderly women are particularly at the risk of poverty as they have shorter working lives and lower pay and thus smaller saving in CPF.

**TAIWAN**

Taiwan was one of the firsts to introduce the social security programmes in South East Asia. It had a comprehensive social security plan. It should be however remembered that the present government in Taiwan once ruled the whole of China and the idea of setting up a social insurance scheme was first contemplated before Second World War as a political gesture to provide for the people a basic living (Chow, 1988). Thus the labour insurance scheme was introduced in 1950 when the government had just settled down in Taiwan, at a time when industrial development was only at the rudimentary stage. It covered only a few occupations and was not operating nationally till 1958. It was further expanded in 1988. The first active legislation about social insurance was the Military Servicemen’s Insurance Law. “Undoubtedly the most remarkable welfare measure that was established under the regulation of the state and covered more people than the other.” (Ku, p. 50). By 1980, there were the three major systems of social insurance, namely, military servicemen, government employees, and laborers, which covered maternity, death, sickness, industrial injury, old age disability. The role of the government in labour insurance was that of a regulator rather than a financier. In 1995, the National Health Insurance programme was
introduced, and the welfare system had more than fourteen different programmes, for which ministers of the central government and provincial were responsible, although virtually of them were health insurance programmes. (Goodman, 1997). In 1997, contributions of 6.5 per cent — 11 per cent of the salary cost were shared in the ratio employer 70 per cent employees 20 per cent government 10 per cent. Labour Insurance covers 7.6 million workers aged 15-60 in establishment with 5+ workers. The Labour Standards Law 1984, proved as a turning point in the employer-employee relationship. It laid down that the employer pay 2 per cent -- 15 per cent of their employee’s total aggregate wages into a wage retirement fund. The employees loose the benefits if they leave the company before the age of 55 or have less than 15 years of service.

Prior to 1980, social assistance was considered as a local responsibility and was very residual. It was intended to be for needs arising form sickness and injury and if a family member could not pay, this assistance was provided. The recipients constituted of 0.5 per cent of the population. Social security was supposed to be the responsibility of the family.

NATIONAL PENSION INSURANCE

Since the establishment of the National Health Insurance in 1995, Taiwan has been trying to establish an institutional welfare system, in which the National Pension scheme is under construction and should be released by 2000.

The birth of National Pension Insurance is caused by democratization. In 1993 the Democratic Progressive Party put pressure on Kuomintang and put forward the White Paper on Social Welfare. One of the proposals mentioned was for a universal social insurance scheme to include pension, unemployment benefit and family allowances. In 1994, the KMT’s Guiding Principles of Social Policy included proposals for a financially in dependent social insurance scheme.
### TABLE 5

Coverage of Major Welfare Schemes in Postwar Taiwan

<table>
<thead>
<tr>
<th></th>
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<tr>
<td>Maternity In 1000s</td>
<td>195</td>
<td>311</td>
<td>773</td>
<td>875</td>
<td>1237</td>
<td>1933</td>
<td>2985</td>
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<td>As percentage of total female population</td>
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<td>1933</td>
<td>2985</td>
<td>4909</td>
<td>9530</td>
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<td>In 1000s As percentage of total population</td>
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<td>1933</td>
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<td>7678</td>
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<td>6.8</td>
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<td>Death In 1000s</td>
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<td>733</td>
<td>875</td>
<td>1237</td>
<td>1933</td>
<td>2985</td>
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<td>As percentage of total population</td>
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<td>16.3</td>
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<td>1915</td>
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<td>80</td>
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</table>


In 1995, the Council for Economic Planning and Development published a planning report on the development of a national pension scheme. It was proposed that the pension was a compulsory social insurance funded by contributions by employer and employee. The self-employed and non-working dependants must pay full contribution
themselves. The low-income households are exempted from the contributions. The pension was to be flat rate and for the full pension amount one was to contribute for 40 years. The pension scheme was state run, but there was a provision to privatization in the future. Basically there was no government subsidy or only administration cost but may make a small contribution to benefits expenditure.

**HOW EFFECTIVE IS SOCIAL SECURITY IN TAIWAN?**

The labour insurance covered 35 per cent of the population and by 1994, nearly 60 per cent of the population was covered by one insurance scheme or another. The coverage of risk in Taiwan is not very extensive. There is no unemployment benefit and income for the old till the National Pension Insurance Scheme is implemented. The present benefits are enjoyed only by one third of the population. The social assistance is limited, e.g., family means tested and is very low. The benefits are mainly focused on ex-military personnel and civil servants. The others do not benefit much from the assistance. The overall expenditure on the social security is very low. It comprises of only 2 per cent – 2.5 per cent of the GDP. The government’s expenditure on social security was 8 per cent – 9 per cent and was increased to 14 per cent in 1996 by the National Health Insurance. The National Pension Insurance, which is to be introduced, too is not free from problems. It is employment based and has no provision for the others. Moreover it takes 40 years of service to be entitled full pension amount.

After examining the present social security provisions in Hong Kong, Singapore and Taiwan, the assessment on the provisions will be made to measure the effectiveness. To sum up, in the development of social security in the three countries, it is noteworthy that (a) public assistance still comprises as an essential part, if not the major part of the social security system; (b) different forms of social security are operating
though social insurance appears to be gaining popularity; (c) the old are still not provided with proper assistance; (d) compensation for work injury are the first formal social security scheme introduced.

A few further comments can be made regarding the similarities and differences between the social security programmes for the three countries. First, all the three countries have provision for social assistance, only the Public Assistance Scheme in Hong Kong guarantees a basic living for its recipients and the allowance is revised with accordance with the cost of living. Second none of the three countries have been able to provide an old age pension. The CPF in Singapore, and Labour Insurance Scheme in Taiwan only provide lump sum amounts and there is no provision for pension in Hong Kong till the implementation of the MPE. In Hong Kong citizens are presently given old age allowance. Third provision for survivors or dependents meeting with disability or death are inadequate. Fourth, in Hong Kong and Singapore, the areas of sickness and maternity are the responsibility of the employer, though, medical care is provided by government hospitals and clinics. In Taiwan the burden of providing medical and maternity benefits are solely on the employer. Fifth, no unemployment benefits is available in the three countries though severance payments are paid to redundant workers in Hong Kong and Singapore.

In short looking at the different social security systems as a whole, it is evident that the provisions in general lack comprehensiveness.

ASSESSMENT OF PERFORMANCE OF SOCIAL SECURITY

The assessment of the social security systems in the three places will be made according to (1) extent of poverty they managed to reduce; and (2) the extent of income redistribution effected
1. **Eradication of Poverty**

Compared with the other countries in Asia, the three under examination are more affluent and the people on the whole are enjoying good standards of living. Though measures have been taken to drive out poverty, it still exists in Hong Kong, Singapore and Taiwan.

In Hong Kong a great number of people are receiving public assistance but poverty still exists. Since the majority of the people receiving assistance are lonely elderly persons, this may be the consequence of their not having retirement benefits. According to a survey using the relative standard method to define poverty, about 13 per cent of the households in Hong Kong are to be estimated to be living in poverty (Chow, 1982). According to the 1995 Household Expenditure Survey data at least 139,500 households not in receipt of social assistance are in poverty. This is at least 375,000 people, 192,000 in private housing and 183,000 in public housing. The current social assistance (CSSA) rates are below the calculated minimum acceptable levels, and so these numbers must be added those people in CSSA households – about 200,000. Thus the overall estimate of the number of people in poverty is at least 535,000 and rising (MacPherson, 1997).

In Singapore, despite the fact that the government has worked hard to provide a congenial living environment for its people, the allowance given to the poor through Public Assistance Scheme is meager. There are only a few people receiving this assistance. According to the government’s estimate, about 12 per cent of the families in Singapore get a monthly income of less than $500 which means that they are living below the poverty line (Chow, 1988).

The measure of poverty in Taiwan is difficult as about half the population lives in villages. Estimates of poverty carried out in Taiwan, however, indicate that there has been marked improvement in recent
years as the number had dropped from 54.1 per cent of the population in 1967 to 6.1 per cent in 1976 (Liao, 1982). Such reduction is remarkable but the measurement has to be confined to a subsistence level of living.

In short even though there have been efforts of providing assistance and basic needs in the three countries, there exist 5 per cent to 15 per cent of the population who are barely making ends meet.

2. Redistribution of Incomes

The CPF in Singapore involves the highest outlay of resources as contribution rates are as high as 50 per cent of employee’s salaries. The fund is only a saving scheme, and very little redistribution of income is effected between different income classes (Kaye, 1984). The Labour Insurance Scheme in Taiwan has greater redistribution functions as it adopts “pooling of risks” principle. However the contribution rate is low as compared to social insurance schemes of other countries, amounting to no more than 8 per cent of employees’ salaries from both employers and employee.

The government’s expenditure on social security present in all three counties is very low portion of their total budget. In Hong Kong where non-means-tested allowances are provided for the aged and disabled, the annual expenditure on social security has stayed within 3 per cent of the entire budget. Thus the redistribution of income effected is rather minimal.

CONCLUSION

After examining the different social security systems in Hong Kong Singapore and Taiwan several observations have been made. First, even
though these three countries have been rapidly growing industrial places, their social security systems are backward and under developed. Second, poverty still exists in three places and public assistance or emergency relief remains the most common measure to reduce suffering of the poor. Third, the government expenditure in the three places amounts to a very small percentage. Forth, provision for old age is most neglected in the three places. Fifth all types of social security methods including, public assistance, CPF, social insurance, have no indication that any of them will become the dominant measure in the near future.

As for future developments, the prospects do not seem to as bright as one might expect them to be. The hindrance lies in the fact that social security is only assigned a remedial function in the three countries and is never used as an instrument to achieve more lofty aims and goals, such as the creation of a more just and fair society.

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On 18th July 1993, President Ghulam Ishaq Khan, advised by Prime Minister Nawaz Sharif, dissolved the Assembly and the Elections were held on 6th and 9th October 1993. Forty-one persons from all walks of life reached Karachi on 30th September 1993. After visiting 256 polling stations and 54 constituencies and a large number of people from different fields, they drew Report on the 1993 Elections, though it had issued previously an Interim Report at Lahore on 7th October 1993.

By keeping a yard stick in view to measure the elections as to whether they were held in a fair and free manner, it stated: Has the Caretaker Government acted in a fair and impartial manner? Was an up-to-date Electoral Register maintained? Was there any violence, intimidation, undue influence and bribery used? Was there any inordinate delay in reporting results? Was there a vigilant impartial media? The administration and the police have an important part to play in the Elections. Were they fair to all the political parties? Were the election laws enforced without discrimination?

After setting out a criteria to adjudge the Elections of 1993, the Report describes "Democracy in Pakistan." It draws a dismissal picture of civil and military rule in Pakistan before the Elections of 1993 but concludes: "It is a testimony to the people of Pakistan that their faith in democracy has not been undermined by their historical experience."

On the Pre-election Environment, the political development is recapitulated. The 58 (2) B provision of the Constitution of 1973 was resorted to. The dismissal of the Prime Minister Nawaz Sharif, was, however, reversed by the Supreme Judiciary, yet the political system could not run smoothly and both the Prime Minister and the President had to make room as was arranged through the intervention of the Army Chief Abdul Waheed Kakar. But the Elections were held during the Presidency of Ghulam Ishaq Khan.

The Electoral Process: Legal and Administrative Aspects had been examined. Arrangements had been assured whether these were adequate
to ensure the holding of elections honestly and justly and free from corrupt practices.

Separate Electorates were questioned, but the history of the creation of Pakistan does not easily admit a change in favour of joint electorate. The role of the Army was appreciated, but it was contended that the excessive dependence of the electoral machinery on the Army would "derogate from autonomy of the electoral process."

The elections are an important event in the democratic life of a nation. Though Pakistan witnessed quick elections over a short period, but that indicated that this is the only test to the legitimacy of a government. I. K. Gujral (Former Minister of External Affairs) and later the Prime Minister of India was also one of the members of the Observer Mission.

Elections in the developing states are always controversial and the charge of rigging is easily levelled. The lesson this Report offers is that an Interim Government, with a neutral election machinery backed by the Army, could hold fair and free elections. Independent observers could vouch safe their impartiality if the elections are not stolen. For discussion on the women and the election process, the Report feels that women in Pakistan are not adequately encouraged to participate in the elections.

The Report comes out with a clear statement: "The management of the elections appeared satisfactory and without any serious incident and fraud."

The voter turnout was very low. The Care-taker Government was responsible for creating the conditions "for fair and free elections." The Armed Forces also helped to maintain peace and order in the country and their role was not objected to by the political parties. Only MQM (Mahajir Qaumi Movement) of Altaf Hussain boycotted the elections. These observations were made after gathering data from all over the country.

The Report emphasized that in elections in future women should also be included in the Observation Mission to facilitate its task. It also proposed that the political agent of the candidates should be given training to do their job better. The silver lining of the Report is that elections could be held in a fair and free manner.

Dr. M. Aslam Qureshi
STC GOVERNING BOARD MEETS
IN KATHMANDU

Kathmandu, Nepal : January 7-8, 1997

The Governing Board of the SAARC Tuberculosis Centre (STC) met at its annual meeting in Kathmandu on January 7-8, 1997 and reviewed progress in the implementation of the activities of the Centre during 1996. It also finalized the work programme of the Centre for 1997-98.

The meeting noted that a number of activities aimed at prevention and control of Tuberculosis in the region were organized during the year. They relate to human resource development, creating greater awareness of TB control measures, co-ordination of TB control efforts between the government and private sector, improving the quality control of Anti-TB drugs. A number of personnel involved in TB control programmes were introduced to Pilot Demonstration Areas and greatly benefited thorough participation at joint-training programmes, covering relevant areas. The STC quarterly News Letter provides important information on its activities and developments in the area of TB control.

The short-term activities in the Work Programme for 1997-98 include a training programme on strengthening IEC activities with special emphasis on TB and HIV to be held in India, a workshop relating to research on TB and HIV in SAARC Countries, a five-day training of trainers for TB Programme Managers in the Maldives, and a seminar on

These Statements have been selected by Syed Karim Haider, Pakistan Study Centre, Quaid-i-Azam Campus, University of the Punjab Lahore.
socio-anthropological research studies in the field of Tuberculosis conducted in the member countries. In addition a number of important studies are expected to be conducted during the year 1997-98.

The meeting was inaugurated by Minister for Health of Nepal, Arjun Narshingh K.C, who in his inaugural address highlighted the need for enhanced co-operation among the Member States for prevention and control to Tuberculosis and expressed confidence that collective and concerted efforts from Member Countries will be able to help in tacking this problem effectively.

The Meeting was attended by the Governing Board Members of Bangladesh, Bhutan, India, Maldives, Nepal and Pakistan. Director Kunzang C. Namgyel represented the SAARC Secretariat.

The Sixth Governing Board Meeting was followed by a Seminar on Pilot Demonstration Areas of TB Control in SAARC Member States on January 9-10, 1997 to exchange experience gained by implementing the revised strategy to TB Control in these areas.

The SAARC Tuberculosis Centre is also engaged in Compilation of Tuberculosis control Manual in addition to preparation of a mullet-centric study of Primary drugs resistance in the member countries.

INTERNATIONAL CONFERENCE ON CONSUMER PROTECTION

New Delhi, India : January 22-24, 1997

An International Conference on Consumer Protection was organized jointly by the United Nations, Consumers International Regional Office for Asia and the Pacific (CIROAP) and the Consumer Unity and Trust Society (CUTS) in New Delhi on January 22--24, 1997. The Conference inter-alia, dwelt on the UN guidelines for consumer protection, the
policies and the strategies to take them forward locally and internationally, sustainable development and the role of consumer organization environmental concerns, etc. During the Conference, various Workshops were organized to discuss specific subjects, like meeting safety standards; alarming imbalances and consumer interests; regional and international co-operation in consumer protection; ensuring access to basic needs; defending consumer rights, etc. The delegates welcomed the proposal of CI-ROAP to draft a Model Law on Consumer Protection for Asia. The SAARC Secretariat was represented at the Conference by Director Ashok K. Attri, who addressed the Workshop on Regional and International Co-operation in Consumer Protection. A United Approach and the plenary Session on 24th January 1997.

SAARC SECRETARIAT PARTICIPATES IN THE TWELFTH INDIAN ENGINEERING TRADE FAIR

New Delhi, India : February 9-15, 1997

The SAARC Secretariat participated in the 12th Indian Engineering Trade Fair (IETF) organized by the Confederation of Indian Industry (CII) at Pragati Maidan, New Delhi on February 9-15, 1997 with Japan as the Partner Country. The Information Stall put up by the SAARC Secretariat at the Fair displayed a collection of important photographs depicting the various milestones in the SAARC process. The Publications of the Secretariat as well as literature of SAARC were also made available at the Secretariat Stall. The efforts of SAARC Secretariat in putting up the display and providing information on the activities of SAARC were widely appreciated by the visitors. The visitors particularly from business and trading communities greatly benefited from information on the products covered under SAPTA and also the measures being taken by SAARC to achieve the target of South Asian Free Trade Area. The Foreign Minister of Nepal, Dr. Prakash Chandra Lohani visited the SAARC stall on 15th February 1997.
The Fair, participated by around 2000 Exhibitors and spread over 18 Halls of Pragati Maidan, was inaugurated on 8th February 1997 by the President of India, Dr. S.D. Sharma, Kiichi Miyazawa, the former Prime Minister of Japan was the Guest of Honour.

SECRETARY-GENERAL VISITS
MALE', TOKYO AND BEIJING

Male', Maldives: February 15-17, 1997

At the invitation of the World Tourism Organization (WTO) and the Government of the Maldives, Secretary-General, Naeem U. Hasan attended the Asia-Pacific Ministerial Conference on Tourism and Environment held in Male' from February 15-17, 1997. The Secretary-General was accompanied by Director Ahmed Latheef.

With the fruitful outcome of the meetings in Male', Secretary-General headed towards Tokyo for consultations with the Japanese Government on the working of the SAARC-Japan Special Fund with a view to improving the effectiveness and expansion of the activities under the Fund. The Secretary-General in his discussions with the Japanese officials was accompanied by Director, SAARC Secretariat Tahir Iqbal Butt and national focal points, who also gathered in Tokyo at the invitation of the Government of Japan under the programme of activities covered by Component all of the Fund.

Secretary-General during his visit to Tokyo was also received by Masahiko Komura, State Secretary for Foreign Affairs and Yasuo Fukuda, Member of Parliament of Liberal Democratic Party of Japan. His other activities in Tokyo included visits to the Japan Chamber of Commerce and Industry; Sony Media World; and Keidanren.

This was followed by a visit to Beijing by the Secretary-General at the invitation of the Chinese Government for talks on the proposed Seminar on SAARC-China Co-operation to be held in the Chinese
Capital some time this year. In this connection, Secretary-General held discussions with the officials of the Chinese Institute of Foreign Affairs, who, on behalf of the Chinese Government will be co-ordinating the arrangements for holding of the Seminar with the participation of all the SAARC Member States.

During his visit to Beijing, Secretary-General also called on Assistant Foreign Minister Chen Jian. His other engagements in the city included a tour of the Forbidden City and the Great Wall of China.

On his way back home, Secretary-General made a stop-over in Bangkok and paid calls on Saroj Chavanavirat, Permanent Secretary for Foreign Affairs of Thailand and Adrianus Mooy, Executive Secretary of ESCAP in Bangkok and exchanged views on matters of mutual interest.

While in the capital the Secretary-General also held extensive discussions with the Maldivian officials on matters pertaining to the Ninth SAARC Summit which the Maldives would be hosting during the month of May this year.

SAPTA COMMITTEE OF PARTICIPANTS MEETS


The SAPTA Committee of Participants, established under Article 9 of the Agreement on SAARC Preferential Trading Arrangement (SAPTA), reviewed progress in the implementation of the SAPTA Agreement and finalized the Draft Rules of Procedure of the Committee. This was the first meeting of the Committee held at the SAARC Secretariat, Kathmandu on February 25-26, 1997.

The Committee felt that wider publicity be given to the National Schedules of Concessions among the business community in each Contracting State to enable it to derive maximum benefit under SAPTA
Agreement. The Committee held in-depth deliberations on the uniform format of Certificate of Origin. It was agreed that Bangladesh will prepare a sample Certificate of Origin with the agreed specifications and circulate the same to the Contracting States by end of March 1997. It was also agreed that the uniform Certificate of Origin would be adopted in all the Contracting States by end of June 1997. All Countries would then supply country-wise data about imports from other SAARC countries under SAPTA and outside SAPTA as per approved formats.

The future meetings of the Committee would be held by rotation in Contracting States in alphabetical order. The next Meeting would be held in Bangladesh the current Chairperson of the Committee, latest by March 1998.

The Meeting was opened by Ashok K.Attari, Director, SAARC Secretariat and chaired by Ghulam Rahman, Joint Secretary, Ministry of Commerce of Bangladesh. Representatives of all the SAARC Member Countries participated at the Meeting.

VISITORS TO SAARC SECRETARIAT
Fairly large number of resident Heads of Diplomatic Missions and International Organizations visited the SAARC secretariat during the months of January and February, 1997.

Michel Cadieux, Counsellor at the Canadian Cooperation Office in Kathmandu called on the Secretary-General to discuss proposed SAARC-CIDA Memorandum of Understanding (MOU). This was followed by the call on the Secretary-General by Lloyed Barnaby Smith, British Ambassador to Nepal, who during their meeting exchanged views on matters of mutual interest. Urban Jonson, Regional Director of UNICEF Regional Office for South Asia based in Kathmandu also paid a courtesy call on the Secretary-General during this period as part of
regular interaction between SAARC and UNICEF. Another visitor was Zhang Jiuhuan, Ambassador of the People’s Republic of China to Nepal who conveyed the invitation of his Government to Secretary-General to visit Beijing in convection with the proposed SAARC-CHINA Seminar in Beijing this year.

Another distinguished personality paying a courtesy call on the Secretary-General during the period under review was M. Mcgeever, Ambassador of European Commission based in New Delhi. Secretary-General and the visiting Ambassador had a fruitful exchange of views on the SAARC-EU Co-operation. It may be recalled that the SAARC and EU entered into a co-operative relationship in July last year.

The Director SAARC Tuberculosis Centre (STC) in Kathmandu, Dirgha Sing Bam also called on the Secretary-General during this period. The Director briefed the Secretary-General about the on-going activities of STC, while the Secretary-General apprised him of the decision of the Standing Committee to conduct a review on the working and reorganization of the Regional Centres.

Interaction between the Secretary-General and the media people also figured in the Secretariat’s activities during this period. Those meetings the Secretary-General were Dharma Adhikary, Chief Reporter of Samachar Patra and Amit Dhakal, Reporter of Everest Herald, both published in Nepal, who interviewed Secretary-General on broad range of issues concerning SAARC.

Other visitors during the months of January and February included M. Amanullah Khan, Programme Coordinator of UNDCP, who paid a farewell call on the Secretary-General; Jorg Breur, Manager-Corporate of BMW Company, Germany; B. B. Deoja Director-General, Department of Civil Aviation, HMG of Nepal; Sur Bir Poudel, Lecturer at Centre for Economic Development and Administration (CEDA), Tribhuvan University, Nepal; and Ken Shah, Member, Nepalese Bridge Association who called on the Secretary-General on separate occasions.


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SOUTH ASIA


SRI LANKA


Chronology of Important Events
SOUTH ASIAN REGION
January to June 1997

BANGLADESH

January 30: Prime Minister of Bangladesh, Hasina Wajid, accepted invitation to visit Islamabad in March to take part in the Organization of Islamic Conference (OIC) Summit.

19: Bangladeshi Parliament declared the country’s founder president Sheikh Mujib-ur-Rehman as the constitutionally recognized “Father of the Nation.”

21: The Bangladesh Nationalist Party (BNP) initiated talks with like-minded political parties to launch national wide agitation against the government.

22: Prime Minister of Bangladesh, Hasina Wajid, said that her Government would press ahead with reforms to increase trade and investment.

March 5: President Fidel Ramos of Philippine arrived Dhaka at the start of a three-day state visit.

8: Foreign Minister of Bangladesh, Abdus Samad Azad, termed his visit to Pakistan as visit ‘fruitful and successful’.

18: Prime Minister of Bangladesh, Hasina Wajid, decided to continue as Awami League Chief.

This Chronology has been prepared by Abdul Majid, Centre for South Asian Studies Quaid-i-Azam Campus, University of the Punjab Lahore.
March 20: The 25-year friendship treaty between India and Bangladesh expired at midnight of March 18.

April 28: Prime Minister Sheikh Hasina Wajid of Bangladesh rejected opposition’s demand that Bangladesh’s elections Chief be sacked.

May 8: Prime Minister of Bangladesh, Sheikh Hasina Wajid, was re-elected unopposed as President of the Awami League at the party’s Triennial National Council.

INDIA

January 2: According to a Foreign Office spokesman, Pakistan warned that the development of a surface to air Trishul Missile by India would escalate tension between the South Asian Nations.

2: During a weekly briefing, a spokesman for the Ministry of Foreign Affairs expressed concern at the growing military cooperation between Israel and India stressing that both were nuclear capable states and both have had historically messy relationship with their respective neighbouring countries.

16: Indian Ministry of Defence alleged that a pilotless Pakistan aircraft intruded into Indian airspace and the Indian air force fired at it after the aircraft entered Indian airspace over the Western Region of Bhuj.

16: Pakistan’s High Commissioner to India Riaz Khokhar was summoned to the Indian Ministry of Foreign Affairs where New Delhi’s official protest was conveyed to him over what it claimed the intrusion of its airspace by a pilotless plane.

16: Pakistan’s Ministry of Defence denied a claim by New Delhi that a pilotless Pakistan aircraft had intruded into Indian airspace.

February 27: Prime Minister Muhammad Nawaz Sharif, while replying to a letter from his Indian counterpart H.D. Deve Gowda, congratulating him on his assumption of office, proposed Foreign Secretary level talks between Pakistan and India in March to pave the way for an early summit meeting. However, Prime Minister Muhammad Nawaz Sharif emphasized that the talks would have to tackle the thorny issue of Kashmir.
March 1: A Foreign Office spokesman said in Islamabad that Pakistan was ready to settle the issue of demilitarization of Siachen in accordance with the Simla Agreement. He further said that Pakistan had reached an agreement with India on the Siachen issue in 1989, but regretted that New Delhi later reneged on it.

According to a report of United News of India (UNI), the Indian Minister for External Affairs, Inder Kumar Gujral, in a letter to his Pakistani counterpart Gohar Ayub Khan agreed to resume talks with Pakistan at the level of senior officials later this month.

6: The Foreign Office announced in Islamabad that Foreign Secretaries of Pakistan and India would meet in New Delhi from 28th to 31st March.

8: Indian Minister for External Affairs Inder Kumar Gujral said in New Delhi that talks with Pakistan from 28th to 31st March would address all issues of mutual concern.

10: The British Foreign Office Minister Nicholas Bonsor, in a statement issued in London, welcomed the decision by Pakistan and India to resume wide-ranging talks that were suspended more than three years ago as relations between the regional rivals deteriorated. He said, “This is a positive step by the two governments on which we hope they can build further.”

11: UN Secretary-General Kofi Annan expressed the hope that the forthcoming meeting between Pakistan and India “will pave the way for a meaningful dialogue aimed at resolving all outstanding issues between the two countries.”

12: Indian Minister for External Affairs Inder Kumar Gujral said in New Delhi that Indian Prime Minister H.D. Deve Gowda would meet Prime Minister Muhammad Nawaz Sharif during the SAARC summit scheduled to be held in Maldives this year. He gave no further details of the agenda for talks.

13: Indian Minister for External Affairs Inder Kumar Gujral said in New Delhi that the forthcoming peace talks with Pakistan could benefit from the example set by New Delhi’s border negotiations with China. He further said, “No two sovereign nations can agree 100 per cent to other person’s point of view.”
March 15: A Foreign Office spokesman said in Islamabad that Pakistan as a goodwill gesture would release 38 Indian children who were apprehended when boats trespassed into Pakistan’s territorial waters. The spokesman further said the “unilateral gesture” made on humanitarian consideration was aimed at creating congenial climate for the upcoming foreign secretary level talks scheduled from 28th to 31st March in New Delhi.

16: Foreign Minister of Pakistan Gohar Ayub Khan said in Islamabad that the proposed higher level meetings between Pakistan and India depended on a positive outcome of the talks the foreign secretaries of the two countries were scheduled to hold in New Delhi from 28th to 31st March.

17: Reliable source told DAWN that New Delhi was refusing visas to Pakistani Officials who intend to visit Indian for private purposes. India wanted Pakistani Officials to directly contact the Indian Embassy for visas instead of routing the request through Pakistan’s Ministry of Foreign Affairs.

18: Talking to Newsmen in Islamabad, Prime Minister Muhammad Nawaz Sharif said there would be no compromise over national interests during the forthcoming foreign secretaries level talks with India. He further said that all issues including Siachen would be covered during the talks.

19: A Foreign Office spokesman said in Islamabad that Pakistan would go into next week’s crucial talks with India “with an open and a sincere frame of mind” to settle all disputes. The spokesman further said that, “we hope to discuss all outstanding issues during the talks including Kashmir. We are not thinking of agreements at the present time. We will probably start by deciding on an agenda and format for discussions”.

20: Indian Minister for External Affairs Inder Kumar Gujral announced in Parliament in New Delhi that India had eased travel restrictions on Pakistani nationals and had offered other concessions as a goodwill gesture on the eve of next week’s foreign secretaries level talks.

21: A Foreign Office spokesman told DAWN in Islamabad that the government was ready to release all Indian fishing boats, trawlers and their crews seized in Pakistani territorial waters provided India reciprocated.
March 22: Indian President Shankar Dayal Sharma and Prime Minister H.D. Gowda in their greetings and best wishes to President Farooq Ahmad Khan Laghari on the occasion of Pakistan Day expressed their keenness to promote friendly relationship and goodwill between the two countries.

24: In an interview with *Asian Age* in New Delhi, Indian Minister for External Affairs Inder Kumar Gujral made it clear that he did not expect "dramatic" results from the forthcoming foreign secretaries level talks, paved the way for Pakistan and India "to learn to live as close friends and neighbours." He added that India was approaching the talks in a "very constructive and positive way."

25: Talking to newsmen in Islamabad Prime Minister Muhammad Nawaz Sharif said that Pakistan was willing to discuss nuclear non-proliferation with India "if the latter so desires." He further said, "Dialogue is a must, we cannot move ahead without it, you cannot think of resolving issues between the two countries without it."

25: President Farooq Ahmed Khan Laghari said in Islamabad that Pakistan was never reluctant to have talks with India provided these were "meaningful". He further said, "There are many outstanding issues between the two sides but Kashmir remains the core issues".

28: Pakistan-India Foreign Secretaries level talks began in New Delhi after a gap of three years with the Kashmir dispute high on the agenda. Foreign Secretary Shamshad Ahmad represented Pakistan at the talks, while his counterpart Salman Haider led the Indian delegation.

31: Pakistan and India ended four days of Foreign Secretaries level talks aimed at reducing tension and agreed to meet again in Islamabad. A joint statement issued after the talks in New Delhi said, "The two Foreign Secretaries discussed all outstanding issues of concern to both sides in a frank, cordial and constructive manner."

31: According to official sources Pakistan sought confirmation of reported concessions and relaxations offered by India to Pakistani visitors.

April 2: Briefing newsmen a Pakistan Foreign Office spokesman affirmed that Pakistan had faith in the positive outcome of the recent meeting in New Delhi between the Foreign Secretaries of Pakistan and India. He denied that there was a breakdown in talks and said that Pakistan expected to making a movement on all outstanding issues.
During his visit to India, UN Secretary-General Kofi Annan applauded recent efforts to smoothen relations in the region and welcomed the recent resumption of high level talks between Pakistan and India. He urged the two countries to continue the talks.

Talking to reporters in Islamabad, Foreign Secretary Shamshad Ahmad said that Prime Ministers of Pakistan and India would meet in Maldives where the Ninth South Asian Association for Regional Cooperation (SAARC) Summit was due to take place.

Talking to newsmen in New Delhi, Foreign Minister Gohar Ayub Khan said that Pakistan had entered into dialogue with India with the hope that it would lead to resolving all the outstanding issues including Kashmir. He further said that a step by step approach was the most pragmatic and practical way to move forward in normalizing relations with India. He hoped that India would show positive gestures to this end by reducing the level of forces in the Indian-held Kashmir.

Talking to newsmen in Karachi, Foreign Minister Gohar Ayub Khan termed his meeting with his Indian counterpart in New Delhi congenial and part of an ice-breaking process. However, he said that Pakistan would not take any step in isolation. He said that they discussed all issues including the case of Kashmir and agreed that on humanitarian grounds all detained fishing crew and vessels would be expeditiously exchanged and the question of the release of other civilian prisoners would also be considered favourably.

At the Annual Session of the Confederation of Indian Industries (CII) in New Delhi, Indian Prime Minister Inder Kumar Gujral expressed his optimism that his country would succeed in improving relations with Pakistan especially after resumption of the stalled Foreign Secretaries level talks.

Talking to newsmen in Lahore, Prime Minister Muhammad Nawaz Sharif said that Pakistan valued Indian Prime Minister Inder Kumar Gujral desire to resolve the outstanding problems between the two countries and would respond it very positively.

Pakistan dismissed the proposal made by Indian Minister for Defence Mulayam Singh Yadav for a confederation among Bangladesh, Indian and Pakistan. A Foreign Office spokesman said that the idea of confederation was out of place now as the two countries did not have even normal relations and they should pay more attention to problems plaguing their ties.
May 8: While speaking at Rajya Sabha (Upper House) in New Delhi, Indian Prime Minister Inder Kumar Gujral said that India would not sacrifice its national security and integrity in a bid to improve ties with Pakistan. He further said that the Indian government was keeping an eye on the activities of Pakistan’s Inter-Services Intelligence (ISI) agency in India.

10: While talking to the media men during his visit to Maldives, Foreign Minister Gohar Ayub Khan said that the forthcoming meeting of Prime Minister Muhammad Nawaz Sharif and his Indian counterpart Inder Kumar Gujral would break the ice over the Kashmir issue and hoped there would be no more wars between Pakistan and India.

12: In a meeting Male’ Prime Minister Muhammad Nawaz Sharif and Indian Prime Minister Inder Kumar Gujral, agreed to set up joint working groups to resolve all outstanding issues including the Kashmir dispute.

13: While giving an interview to Reuters Television in Male’ Prime Minister Muhammad Nawaz Sharif said that he was confident that India would agree to discuss the future of the Indian-held Kashmir in bilateral talks and he urged India to withdraw its troops from the Valley. He expressed his satisfaction that he and Indian Prime Minister Inder Kumar Gujral had agreed to set up a telephone hot line between them.

15: Talking to reporters in Islamabad, Prime Minister Muhammad Nawaz Sharif said that a breakthrough had been achieved in talks with his Indian counterpart Inder Kumar Gujral to resolve the Kashmir dispute through peaceful means. Mr. Nawaz Sharif further said that Indian Premier agreed that Kashmir was a disputed territory which needed to be resolved through continued consultations and that both sides were unnecessarily spending a lot of money on defence which should be cut down.

15: While addressing the Rajya Sabha, the Indian Minister of State for Law and Justice Ramakant Khalap claimed in New Delhi that 54 Indian prisoners of war (POWs) from the 1965 and 1971 wars were being held in Pakistan despite Islamabad’s repeated denial.
Speaking in Parliament, Indian Prime Minister Inder Kumar Gujral said in New Delhi that his landmark talks with Pakistan’s Prime Minister Muhammad Nawaz Sharif in the Maldives were a first step in putting bilateral dialogue on the right track. He further said that the Foreign Secretaries of Pakistan and India would meet once again in the near future to work out the basis on which future dialogue could be held.

Indian Minister for Power S. Venugopalachari announced in Bangalore that India would buy 3,000 megawatts of electricity from Pakistan and Sri Lanka.

While talking to reporters in Islamabad Prime Minister Muhammad Nawaz Sharif confirmed that his Indian counterpart Inder Kumar Gujral had expressed desire to buy 3,000 megawatts electricity from Pakistan. However he said that at present there was not sufficient supply available.

The Foreign Office summoned the acting High Commissioner of India and lodged a strong protest over the violations of Pakistan’s airspace by an Indian Air Force aircraft on 27th May. He was informed that the intrusion was a violation of international law also of a bilateral agreement between Pakistan and India on prevention of airspace violations.

While talking to DAWN Foreign Minister Gohar Ayub Khan said, in Islamabad, that Pakistan was analyzing the violation of its airspace, however, he said, “I don’t know why has this specific instance come about while talks between the two countries are due on June 19.”

A spokesman for the Indian Ministry of Defence denied in New Delhi that any Indian aircraft flew into Pakistani airspace on 27th May. The spokesman further accused Pakistan of having repeatedly violated Indian airspace since 1995.

Pakistan expressed “serious concern” at the deployment of medium-range ballistic Prithvi Missiles by India near Pakistan’s borders and said it reserved the right to take measures for its security. A statement issued by the Foreign Office in Islamabad said, “The deployment of Prithvi Missiles entails a qualitative change in the security environment in South Asia and could trigger a dangerous ballistic arms race in the region.”
June  5: Speaking at the Naval War College in Lahore the Chief of the Army Staff General Jehangir Karamat said Pakistan would have no option but to go ahead with the development of indigenous capability to match the Indian missile threat, in the absence of assurances from the world community.

11: Indian Prime Minister Inder Kumar Gujral denied in Pune that the country had deployed surface missiles on its border with Pakistan. Mr. Gujral, speaking at a press conference after the Indian Air Force unveiled its new Russian-built Sukhoi-30 Mk jet fighters said, “We have not deployed the missile as misleadingly reported.”

11: Military officials said in Islamabad that Pakistan and Indian border guards in Kashmir exchanged fire leaving a Pakistani Rangers Officer dead and unknown casualties on the Indian side.

12: Foreign Minister Gohar Ayub Khan said in Islamabad that the recent Indian actions would not contribute to moves aimed at improving relations, but would heighten tension between the two countries and cloud the peace process. He said these actions included airspace violations, deployment of Prithvi Missiles near Pakistan's borders, acquisition of latest Russian-made Sukhoi-30MK bomber-fighters and killing of a Pakistani Major at Sialkot border due to Indian firing.

12: Foreign Minister Gohar Ayub Khan said in Islamabad that Pakistan was conveying its concern over the deployment of Prithvi Missiles near its borders to the international community and the permanent members of the UN Security Council.

13: A Foreign Office spokesman said in Islamabad that Foreign Secretaries of Pakistan and India will meet from 19th to 23rd June to resume talks which they had initiated in March this year in New Delhi for improving relations by resolving all bilateral disputes.

14: An Indian Army Official denied reports in Jammu that Pakistan had deployed Chinese M-II Missiles close to the border near the troubled state of Kashmir.

15: Speaking at the summit of Developing-Eight (D-8) countries, Prime Minister Muhammad Nawaz Sharif said that he was deeply concerned about the deployment of Prithvi Missiles by India along the border with Pakistan.
According to a report of the Press Trust of India, the India’s Army Chief General Shankar Roy Chowdhary accused Pakistan of placing missiles on its border and denied that India had done the same. He also said that India had no plans of moving out troops from the Siachen Glacier.

The Chairman of National Assembly’s Standing Committee on Defence, Colonel (Retd.) Serwar Cheema, said in Islamabad that Pakistan has an answer to nearly all the Indian missiles, but Islamabad did not boast of the way New Delhi did.

A Foreign Office statement said that Prime Minister Muhammad Nawaz Sharif and Indian Prime Minister Inder Kumar Gujral resolved to normalize strained ties between the two countries as the Foreign Secretaries level talks begin in Islamabad.

The Foreign Secretaries of Pakistan and India held two hours of talks in Islamabad aimed at normalizing bilateral relations.

The spokesman for the Indo-Pakistan Foreign Secretaries said in Islamabad that talks “crystallized more than 50 per cent ideas on various issues.” He further said, “On the whole there has been a forward movement today” adding the talks were held in a cordial atmosphere.

President Farooq Ahmed Khan Lehari and Prime Minister Muhammad Nawaz Sharif, while meeting Indian Foreign Secretary Salman Haider called for “avoiding negative factors” so as not to “viti ate” the atmosphere for dialogue. They however, expressed their satisfaction with the ongoing talks.

The Foreign Secretaries of Pakistan and India on the conclusion of the third session in Murree said they were close to an agreement and a joint statement would be issued at the end of the final round of talks.

Indian Foreign Secretary Salman Haider said in New Delhi that talks with Pakistan “should not be treated like a boxing match.” He argued that meetings were not about confrontation and that people should have realistic expectations.

Pakistan Foreign Office in Islamabad expressed dismay at the Indian Foreign Secretary’s statement in New Delhi about the recent agreement in Islamabad regarding the future talks on Jammu and Kashmir dispute and hoped that any attempt at this stage to prejudice or prejudice the eventual task would be avoided. Indian Foreign Secretary in a statement in New Delhi had said “Yes we have agreed to discuss, not Kashmir dispute, but issues related to Jammu and Kashmir in the joint working group.
India urged Pakistan and Russia to follow its lead in revealing details of its chemical weapon stockpile as part of an international treaty.

According to an announcement by the Indian High Commission in Islamabad, India had liberalized visa procedures for Pakistani nationals, easing travel for businessmen, journalists, students and artists and increasing the number of cities they could visit from eight to twelve.

Foreign Minister Gohar Ayub Khan told the Senate in Islamabad that Pakistan had neither signed a secret deal with India nor it was sending weak signals to New Delhi. He further said that it was a big diplomatic achievement for Pakistan that the Jammu and Kashmir dispute had been placed on the agenda of talks between Pakistan and India for the first time. Indian Minister of Defence Mulayam Singh Yadav said in New Delhi that India would not slow down its defence readiness despite efforts to improve relations with Pakistan.

Indian Prime Minister Inder Kumar Gujral said that New Delhi would not surrender its “deterrent security options” while striving for world peace. In a television interview, Gujral said, “India had remained a peaceful nation, but we have also proved in the last 50 years that if somebody dared touch us, we should have the capacity to resist.”

Nepal

Nepal would apply to join the World Trade Organization (WTO) to benefit from concessions available to its least developed member countries.

Five people were killed and two injured in a clash between suspected Maoist guerillas and police in eastern Nepal.

Nepalese Prime Minister Sher Bahadur Deuba came under further pressure following the resignation of six Cabinet Ministers from his ruling Nepali Congress Party (NCP).

The Nepal Communist Party (United Marxist and Leninist) agreed with a Rightist Party to form a new coalition Government after failing to make a breakthrough in talks with the former ruling party. KCP-MUL General Secretary Madhav Kumar Nepal said.
SAARC

January 14: Prof. Barnett Pubin of Columbia University said that NDI team, a group of the South Asian Association for Regional Cooperation (SAARC) nations would soon be coming to Pakistan to monitor the elections February 3, 1997.

21: Robin Raphel U.S. Assistant Secretary of State for South Asia, said that American President Bill Clinton was likely to give greater attention to South Asia during his second term.

23: The United States administration during President Bill Clinton’s second term, is expected to engage itself further in South Asia.

29: A group of non-government election observers made up of prominent journalist, former bureaucrats, academics, policymakers and politicians from the SAARC countries of Bangladesh, Indian, Nepal and Sri Lanka arrived Pakistan.

31: The 40 member non-government election observers group from SAARC which was in the city called on Sindh Governor. The Group also met members of major political parties in Sindh polling on February 3, 1997.

March 18: The concept of a sub-regional cooperation group among four South Asian countries was likely to be finalized on April 2, following the three day meeting of Foreign Secretaries of the Countries in Kathmandu.

April 1: It was stated that a SAARC network to promote fresh and farward looking ideas and options on conflicts which effected life, relations and stability in the region had been set up. The network was an outcome of the residential workshop on sources of conflict in South Asian ethnicity, refugees, environment, organized by the Colombo-based Regional Centre for Strategic Studies with the partnership of Friedrich Naumann Stiftung.

May 9: Indian Foreign Secretary, Salaman Haider said that India is seeking a European style economic union in South Asia despite opposition to its forming a block with Bangladesh, Bhutan and Nepal.

12: The Ninth SAARC summit begins. The Prime Minister of Pakistan, India, Bangladesh, Sri Lanka, Nepal and King of Bhutan reached Maldivas.
May 13: Prime Minister Muhammad Nawaz Sharif said he is determined to continue the peace process with India so that all outstanding issues can be addressed.

May 13: Sri Lankan President Chandrika Kumaratunga blamed a lack of political will among South Asian leaders for the poor performance of their regional grouping. Kumaratunga told the summit of the seven, the number South Asian Association for Regional Cooperation (SAARC) here.

15: The Ninth SAARC Summit concluded in Male' (Maldives) with the adoption of a declaration by the participating Heads of State and Government.

SRI LANKA

January 11: Sri Lanka Security Forces lost 161 soldiers killed when Tamil Tiger guerrillas attacked two key military bases in the north of the country where 350 Rebels also died, Defence Ministry reported.

25: Sri Lankan President Chandrika Kumaratunga said, her Government would restructure and sell seven privatized Government enterprises it repossessed earlier this week due to alleged mismanagement.

February 11: Sri Lanka newspaper has appreciated the recent enactment of a “freedom of information” Law by the Pakistan government to enable public and media to have free access to government documents and asked its leadership to “follow Pakistani example”, "The Island, Colombo," that the law was of tremendous significance to third world countries like Sri Lanka.

March 14: The Defence Minister reported that the Government forces launched a massive offensive against the head quarters of Tamil Tiger guerrillas in northern Sri Lanka.

24: The Defence Minister said in a statement that 100 Tamil Rebels were killed when the Sri Lanka Navy sank a dozen tiger guerilla craft during a fierce battle.

25: Sri Lanka’s Foreign Minister said that his country declined an offer by visiting Palestinian leader Yassar Arfat to mediate a settlement of the country’s drawn out ethnic war that had killed more than 30,000 people.
April 15: It was stated that the Sri Lanka stopped giving financial aid to Tamil refugees in northern welfare centres and began supplying food in bid to persuade them to return to their homes.

20: The Sri Lankan Government’s bid to exercise control over private Television and Radio stations had met with served resistance. The opposition United National Party (UNP) and a dozen other organizations have challenged in the Supreme Court the constitutional validity of the Sri Lanka broadcasting authority bill.

23: Sri Lanka’s Tamil Tiger guerrillas, who once fought Indian security forces, had asked India’s new Prime Minister Inder Kumar Gujral to support their campaign for a separate state. In a letter to Gujral, LTTE said that the plight minority of Tamils in Sri Lanka was “desperate” and called for his “earnest attention.”

May 15: Sri Lankan troops captured a Tamils’ stronghold as they persuaded a massive offensive aimed at seizing a strategic highway, leaving 19 people dead, defence Military sources said.

31: Defence analysis said that Sri Lanka’s biggest military offensive against Tamil Tiger guerrillas held up by unexpected intense resistance and heavy casualties were made on both sides.

June 3: The Defence Ministry said that Tamil Tiger guerrillas and government forces launched artillery barrages in northern Sri Lanka as troops consolidated in areas taken from the Rebels.

30: Tamil Rebels accused the “International Community” of “unmittingly supporting” the government’s military campaign in the north of the country.
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23. Dr. Rafique Ahmad
   Pakistan's High Level Manpower Current Status and Future Needs,

24. Dr. Rafique Ahmad
    Sarfaraz Hussain Mirza
   Pakistan Vision
   Bi-Annual Research Journal
Notes to Contributors

Manuscripts, articles, book reviews and notes or letters on themes of contemporary or historical interest, with particular reference to South Asia, will be welcomed.

Manuscript should be clearly typed on one side of the paper only, and should be double-spaced. Two copies should be submitted.

Bibliographies and footnotes should be placed at the end of the article. Footnotes should be numbered consecutively, and bibliographies should be arranged alphabetically. Foreign words should be underlined.

Bibliographical references should be completed in respect of the title of the book, the name of the author, the year and the place of publication.

Utmost care should be taken to prepare statistical data for publication. All headings, columns, rows, symbols, units of measurement, periods, political and geographical areas, and sources should be clearly stated in each statistical table, instead of giving such explanations in the text.

Tables, maps, and diagrams should be numbered and given at the end of the article, each on a separate sheet of paper. They should be clearly drawn so that they are suitable for photocopying as submitted.

Abstracts

Authors should submit abstract of their articles, not exceeding 100 words. The first page of the paper should include the title of the paper as well as the name and institutional affiliation of the author.

The Editor reserves the right to make editorial revisions.