

Defence overtakes farm in subsidy

MPs know nothing about spending, Public Expenditure Review Commission report says

REJAUL KARIM BYRON
 In addition to getting the highest budgetary allocation, the defence sector gets more in subsidy than agriculture.
 But parliamentarians never know how the defence budget is spent, according to a report of the Public Expenditure Review Commission (PERC).
 The PERC believes that in the absence of a well-thought-out national defence policy, the formulation of defence budget carries the potential risk of wasting public

money as well as not equipping the defence forces as per their needs.
 Using public finances the defence establishments acquire assets and properties. But they don't deposit revenues earned from those assets to the national exchequer.
 The defence ministry showed absolute indifference to resolving audit objections, the PERC reported.
 Raising questions about defence expenditure, the commission maintained that every year the government gave huge subsidies to

defence, export and agriculture sectors.
 The current budget allocated Tk 1,226 crore in subsidy. The money is supposed to be spent on food, agriculture, fertiliser and export.
 Of this, Tk 602 crore was allocated for boosting export, Tk 200 crore for agriculture and related sectors, and another Tk 334 crore for food.
 But almost the entire amount of subsidy for food has gone to the defence and law enforcing agencies.

SEE PAGE 11 COL 4



An F-7 fighter aircraft that flew out of control into Zia International Airport and nosedived into the barrier net at the end of the runway yesterday sits duck. The pilot was unhurt and an investigation has been launched.

Flag vessel order to be placed in cabinet today

STAFF CORRESPONDENT
 The Bangladesh Flag Vessel (Protection) Ordinance, 1982 is likely to be placed before the weekly cabinet meeting today for certain amendments.
 The amendments will include exempting foreign feeder vessel operators from taking waiver certificate before loading or unloading goods at Bangladesh ports.
 The Ministry of Shipping is going to place a fresh proposal before today's weekly cabinet meeting for bringing the amendments to the ordinance, according to sources.
 The proposal would seek exclusion of container vessels from the purview of the Bangladesh Flag Vessel (protection) Ordinance, 1982, the sources said.

SEE PAGE 11 COL 3

Dhaka objects to Delhi's embankment plan on Muhuri river

River erosion feared

STAFF CORRESPONDENT
 Bangladesh has disapproved of an Indian plan to construct an embankment and a pump-house on the river Muhuri at Belunia-Nijkalkapur border in Feni, fearing river erosion on the Bangladesh side of the border.
 Dhaka asked New Delhi to maintain status quo until permanent demarcation of the international boundary in the disputed area.
 Highly placed sources said the decision to request India to maintain status quo was made at an inter-ministerial meeting held recently, considering the river erosion that

the embankment would cause in Bangladesh territory.
 They said there is around a two-kilometre stretch of land at Belunia-Nijkalkapur border, which has not yet been permanently demarcated owing to various complexities.
 Sources said the inter-ministerial meeting, after reviewing the expert opinions, concluded that construction of an embankment and a pump-house on the Indian side of the Muhuri, as proposed by India, might also change the course of the river.
 They further said a decision was taken at the 17th meeting of the

SEE PAGE 11 COL 7

Budget session begins tomorrow amid possible AL boycott

STAFF CORRESPONDENT
 The budget session of the Jatiya Sangsad is set to begin tomorrow amid probable boycott by the main opposition party lawmakers.
 Finance and Planning Minister M Saifur Rahman will place the budget for the next fiscal (2003-2004) on Thursday.
 Awami League (AL) legislators are, however, likely to participate in the session from June 15, a day after party chief Sheikh Hasina returns from abroad.
 Illustrating the party stand on joining parliament, Deputy Leader of the Opposition Abdul Hamid said: "The decision on whether our party would join the session will be taken

SEE PAGE 11 COL 6

Test for macroeconomic finesse

INAM AHMED
 For Saifur Rahman, he could not have felt more exhilarated than he is now in putting the final touch to the budget. The ground looks perfectly even -- macro-economy set on a stable footing, deficit bridled, balance of payment looking fine and donors ready with their palms open. Nothing to hold him back from shifting the growth engine to the top gear.
 Yet, the ground may still be mucky and if one misses the spots, a bad slip can mar the race. Too much aid flow in funds without productive projects may lead to "Dutch Disease" syndrome. A real appreciation of taka is still a possibility. A high-growth desire may lead to import pick-up coupled with inflationary pressure. Exports will need to be raised to support the high-growth goal that top economists explained as the challenge for the

finance minister in the next fiscal.
 One needs not lose heart in these facts because here lie challenges and finesse of macroeconomic management. And this will be probably the last chance for Saifur to go for the reforms he has promised to the donors because once his government enters the penultimate year, politics will outpace the economy. And an unfinished agenda will have more backlashes than anything else.
 "The prospect of getting funds from the World Bank and the IMF under PRSP and PRGF programmes has taken off much of the pressure from the resource balancing exercise for the coming budget," explains Dr Wahiduddin Mahmud. "This is good news for the finance minister."
 The bad news is that he has to unveil the packages of reforms negotiated under these programmes, the economist goes

on. The reforms are likely to be wide ranging, and some of them will be politically resisted.
 "For this, the timing may be opportune for the government, given that it has yet to pass the midway mark of its tenure and that the political resentment may be more than offset by the short-run benefits from increased flow of external funds," said Dr Mahmud.
 Dr Debapriya Bhattacharya, executive director of the Centre for Policy Dialogue (CPD), concurred with the point.
 "Being in the middle of the government's tenure, this may as well be Saifur's last opportunity for a radical move. Because, the last two years are always difficult to implement reforms due to political sensitivity."
 And reforms are important because if Saifur sets the table for high-growth game and then finds

that the game plan is not matched by institutional reforms in areas like administration, judiciary, governance, he will have to experience driving a cart without having the horses under shackles, Dr Debapriya said. The result can be anything.
 Dr Mahmud observes that the government is hopeful of successfully negotiating the Bank-Fund programme assistance to be available over the next two to three years. In that case, the availability of foreign resources may even exceed the present projections, as the finance minister has indicated.
 "While this will ease the government's fiscal situation, there is a downside as well. The Bank-Fund assistance will be available as support for the balance of payments, not tied to project spending. G i v e n
 SEE PAGE 11 COL 7

Women traffic police on Dhaka streets

STAFF CORRESPONDENT
 Dhaka saw a difference yesterday -- women traffic police manning the city streets.
 Forty newly appointed women traffic police in blue trousers, untucked shirt with white sleeves and oblong caps were placed at eight city crossings.
 They were deployed in pairs at the crossings of Sheraton, Russel Square, Kakrail, Bailey Road, Shahid Jahangir Gate, Bijoy Nagar (east side), Manik Mia Avenue (west side) and Dhanmondi 27 (east end).
 Each team of two worked in two shifts from 8:00am to 12:00pm and from 3:00pm to 7:00pm.
 The team of women police, working as constables earlier, underwent a short course on traffic control at the Traffic Training School.
 Though the new traffic police were scheduled to get down to their jobs from Saturday, the Dhaka Metropolitan Police (DMP) rescheduled it for yesterday because of the downpour on Saturday, sources said.
 DMP Commissioner Ashraful
 SEE PAGE 11 COL 5



PHOTO: STAR

FEMININE TOUCH TO TRAFFIC CONTROL: A traffic policewoman, one of a 40-member force, signals vehicles at the Dhanmondi Road No. 27 intersection yesterday.

Hartal observed in Natore to protest ex-MP's killing

ANWAR ALI, Natore
 The dawn-to-dusk hartal called by the Awami League (AL) in protest against the killing of a former lawmaker was observed peacefully in Natore yesterday, barring some sporadic incidents.
 The AL and Bangladesh Nationalist Party (BNP) swapped blames for the killing of Mamtaz Uddin, a central committee member and district unit vice-president of AL. Police said they were sifting through evidences for the motive of the killing.
 The AL leaders and activists wore black badges and blocked roads in Natore town and Lalpur upazila.
 Some pickets beat up journalists

Imam Hasan Mukti of the Prothom Alo and Abul Kalam Azad of the Dinkal when they were going to Natore from Lalpur by motorcycle.
 Police scuffled with pickets on Harispur Bypass when a crowd led by AL leaders Ahad Ali Sarkar and Chitta Ghosh waylaid some 20 trucks laden with perishable goods.
 The AL held a protest meeting at the Old Bus Stand in the town where the speakers held the BNP hoodlums responsible for the savage murder.
 District AL General Secretary Hanif Ali Sheikh and local leaders Ahad Ali Sarkar and Sirajul Islam addressed the meeting with the unit President Sajdar Rahman in the chair.
 SEE PAGE 11 COL 3

AL points finger at BNP's Patal

STAFF CORRESPONDENT
 Two days after the assassination of former lawmaker Mamtaz Uddin Ahmed, his party Awami League (AL) yesterday accused a sitting state minister of having a direct link to the killing in Natore.
 Senior leaders of the main opposition blamed State Minister for Youth and Sports Fazlur Rahman Patal for masterminding the Mamtaz killing at a press briefing at the party's Bangabandhu Avenue office yesterday afternoon.
 Demanding punishment to the killers, the AL also announced demonstrations -- one in Dhaka today and the other across the country tomorrow.
 AL General Secretary Abdul Jalil read out a written statement where he presented some information that
 SEE PAGE 11 COL 1

UK admits flaws in Iraq dossier

THE OBSERVER, London
 Downing Street is to express regret about the fundamental flaws in the second 'dodgy dossier' on Saddam Hussein's weapons of mass destruction.
 Senior Whitehall sources told the Observer that the officials who will be called before the Intelligence and Security Committee inquiry into the weapons issue will say that the second dossier on Saddam's history of deception undermined public trust in government information.
 If Blair is questioned on the issue, he will concede that mistakes were made.
 Number 10 officials now admit that the second dossier, which was largely culled from a 13-year-old thesis by a Californian PhD student, is damaging the Government's case for war against Iraq.
 The dossier was published last February to coincide with Blair's 'war summit' with President George Bush in Washington. A week later it was revealed to be a mish-mash of intelligence reports, student work and publicly available briefings by Jane's Intelligence Review. None of the document acknowledged the sources, leaving the impression that it was all based on fresh intelligence.
 One government figure admitted that it was used to fill a 'political vacuum' ahead of Colin Powell's presentation on the weapons to the United Nations Security Council.
 Officials hope that admitting errors over the second dossier will strengthen their case on the first
 SEE PAGE 11 COL 4

Minorities came under alliance attack after polls

STAFF CORRESPONDENT
 A probe report has blamed the ruling BNP and its affiliates in the four-party coalition for repression on the religious minorities in the wake of the 2001 general election.
 The ruling alliance workers attacked the minorities, mostly Hindus, just after the polls, claiming that they voted for a particular party, said Professor Zillur Rahman Siddiqui, disclosing the report at a press conference in the city yesterday.
 "Killing, physical torture, rape, damage, arson, looting, extortion and forced eviction were the forms of repression," said Professor Siddiqui, who headed a three-member public probe commission formed in November 2001.
 "Before the elections, the attackers threatened the minorities not to show up at polling centres," said the report of the commission, instituted by the Committee to Prevent Communalism and Save Civic
 SEE PAGE 11 COL 7