

Supreme Court's Reply

An absence is an absence is an absence. We all knew that. But our President apparently did not. And at the suggestion of the Prime Minister, he sought the advice of our highest court. Now our Supreme Court has told him exactly that. "In our view, walkout, consequent period of non-return and boycott, call it by whatever epithet, mean the same thing, that is 'absent' as provided in Article 67(1)(b). It is to the wisdom of our Honourable Judges that they understood the political nature of the move, and the possible attempt by the Treasury Bench to use the judicial process to delay a decision that the Speaker had hinted at. The following statement makes it clear. "In order that the Court may not be held responsible for prolonging and thereby adding to the 'political crisis' by consuming a long time over the hearing, we decided to hear the matter with all expedition." This incisive observation was right on target, and one for which the nation will be grateful to our Judges.

Through its reply the Supreme Court has in effect vindicated the position of the Speaker. It is he who will compute and determine the period of absence. The Court, by removing all ambiguities about what constitutes 'absence', (an ambiguity, which we think is not there but was unnecessarily created) has made the Speaker's decision obvious. It is our hope that the Speaker will give his decision without any further delay.

While giving their replies our Judges have put forward some very poignant observations. Justice Latifur Rahman observed that the parliament is functioning without the opposition. "Is it parliamentary democracy?" he asked. The very question hints at an answer, which we hope the ruling party will consider carefully. There is a further observation that needs to be mentioned here. "Democracy needs election. But election does not ensure democracy. Political democracy will never work unless we develop democracy in our culture." Nothing could express better the sentiment of the people at this point in time than the above observation. Will our political parties seriously think about what he said?

Stop This Barbaric Trial

It seems that the Chhatakchara episode has failed to teach us any lesson. That the Sylheti woman's sacrifice of her life has, on the other hand, encouraged the so-called village judges elsewhere to take the law in their own hands seems to be in evidence. How else do we explain the sentence pronounced by village mat-bors of Islampur in Gazipur to kill off Farida Begum in a most barbaric manner today? Following Noorjahan's punishment, Farida, too will be buried waist-deep, lashed and hit with stones until she dies. In case of Noorjahan there was the mention of specific numbers of lashings and stone-throwings, but in Farida's case there is no such stipulation.

So, this time the so-called moral guardians have gone one step further. All because she is poor, helpless and, above all, a woman who can be abused and forced to take the blame for the wrong-doing — sexual advantage in this case — of her abusers. Farida and her mother have already been subjected to lashing at a mock trial. Today, the sentence is supposed to be carried out in public. We are deeply concerned about the fate of this helpless — and it seems — innocent victim. The incident is going to take place — if it does — not at a long distance from Dhaka the city. We would very much like to know about the role of the administration.

In the past we were confounded by the government's virtual inaction regarding the staging of such illegal village trials, in each of which cases a girl or a woman was the victim. Had the government taken a strong and positive role in preventing such crimes against women, their repetitions were sure to be out of the question. Here is yet another opportunity for the government to prove that it stands for justice and fair governance of a civil society. The influential and the fundamentalists of society combine together to make a mockery of our legal system whenever they hold trials like the ones in Gazipur and Sylhet. The violators of laws must be brought to trial and meted out exemplary punishment so that no one dares hold such trial in the future.

Break the Arms Ban

The US Senate's vote for lifting arms embargo on Bosnia is certainly a positive development. But for the Bosnian government to get the full benefit of this measure, it has to go through several uncertain stages starting from the threat of a US presidential veto to the selling of the idea to the Security Council members or to the United Nations General Assembly. Already a crack has appeared in the understanding of the NATO allies. Both Britain and France have threatened to pull out their troops — the main contingents — from Bosnia, if the bill for lifting arms ban is made a law.

We cannot help condemning such a position. Britain and France have put in place the Rapid Reaction Force to help UNPROFOR in Bosnia but their mission seems to be confined within a certain area around Gorazde. The fall of Zepa cruelly exposes the West's lack of commitment. Are the French and British soldiers going to protect Gorazde alone? What about Bihac and the other remaining two UN-declared safe enclaves? By protecting Gorazde alone what purpose, do the UN and the NATO want to achieve?

The reality is that the West or the UN has completely failed to protect civilian population of Bosnia and that is after giving them so many assurances in this behalf. This is a clear case of betrayal. Had the Bosnian Muslims known that they were without friends and protectors even with the blue helmets, they could have prepared themselves against the Serbian aggression. There is, therefore, no point in continuing the arms embargo that has greatly weakened the Bosnian forces. If you cannot protect them, don't constrain their fighting prowess by continuing with an irrational ban. Recognise the Bosnians' right to self-defence. Otherwise, your motive is suspect.

WHAT happened the week before last in Delhi and Madras on the same day was not merely a set of incidents. It reflects double standards, a bane of our country, but more so, the sickness of our institutions. In a compelling way, it is somehow a continuous process which has added insensitivity to the tragedy of Indian life. This time things went so beyond the limits that the words ceased to mean anything.

In Delhi, Rajan Pillai, an industrialist, died in jail after a magistrate refused him access to outside medical attention. In Madras, a sessions judge granted anticipatory bail to a Congress party youth leader of the Sanjay Gandhi brigade, Sushil Sharma of Delhi, even when it was all over India that police was looking for him for the alleged murder of his wife.

What does one say about such a judicial system? The Madras High Court has partially redeemed the prestige by cancelling Sharma's bail. But the damage has been done. And what does one make out from the crass attitude of the authorities in the case of Pillai and of political masters in Sharma's? One comment can be that the faith which sustains a democratic structure is shattering. Perhaps, more apt is the observation that those who violate the basic norms of fairness and individual's rights take people for granted. But is that all?

Pillai's medical prescription by a reported heart institute is not believed. The accused is roughed up by police and the CBI personnel. Jail officials feel that he is feigning sickness when he was dying. They do not show normal anxiety, much less courtesy. And they even re-

THE highest rate of personal Income Tax including Surcharge has been reduced to 25% in 1992-93 budget and it has been retained at that level. Although it is now the lowest rate in South Asian region, its revenue effects have not been very substantial yet. It is now high time for the government to streamline the income tax collection machinery with a strong hand.

There are three categories of corporate taxes and the rates for each of these have been reduced. The highest rate of Corporate Tax including Super Tax was 46% for publicly traded companies until 1990-91 which was reduced to 37.5% in 1994-95 budget and is further reduced to 35% in 1995-96 budget. For companies whose shares are not publicly traded, the corporate tax rate is reduced from 42.5% to 40% in 1995-96 budget. For banks and financial institutions, the rate has been reduced from 50% to 47.5%. In Thailand, corporate tax rate is only 30% flat. To promote growth in this sector, there is room for further reductions.

On indirect taxes, the changes have been more significant. Custom duty is the largest source of revenues to the government. Until 1990, there were large number of custom duty rates for varieties of goods, and these rates were very high going up to 300%. Over the last four years, these have been reduced gradually and there are now only 5 custom duty rates with the highest rate being 60%. In 1995-96 budget, it has been reduced to 50%. Custom duty on industrial inputs has been reduced to 30% and on industrial raw materials to the maximum of 15%. On the other hand, custom duties on agricultural machineries like low lift pump, deep tube wells, diesel engines upto 45 HP, tractors and power tillers have been totally eliminated. This is a big relief for the agriculturists.

The Value Added Tax (VAT) at the flat rate of 15%, introduced in 1991-92 budget, has replaced the complex structure of Excise Duty and Sales tax. These measures have simplified the country's consumption taxes

Destroying rickshaws: A second thought

Sir, I have learnt from a news item published in your esteemed daily on 1.7.95 that some 7000 seized rickshaws are going to be destroyed by the authority. I am not surprised by the news because this kind of issues are not new in this country. We have a habit of destruction. At the time of hartals we destroy cars, buses and public properties to register our protest! Now a government agency has decided to destroy 7000 rickshaws which are the only means to earn living for at least 28000 people of this country and also the only means for transportation for some unfortunate who don't have cars and who cannot use the public transport like

It's a Sick Society

Justice has become a relative term in India. It depends on who you are. If you are resourceful enough, you can get away with anything. Take the case of Chief Election Commissioner T N Seshan. He has made a mockery of the three-man election commission.

place the pills administered to him for his ailment. This indicates maliciousness, lack of human feelings and a sordid satisfaction in mistreating such persons as are ordinarily beyond the reach of men in charge of law and order. Pillai was facing a magisterial inquiry, not even prosecution. And Singapore's application for his extradition was yet pending before the court and the Government of India.

On the other hand, in the case of Sharma, it takes two minutes to obtain anticipatory bail. His lawyer makes no secret of the fact that a politician rang him up to file the petition. The judge orders Sharma to execute a bond for Rs. 5,000, with two sureties of like amount. That came to Rs. 15,000 as against the reward of Rs. 1 lakh announced by the Delhi Police Commissioner for information leading to Sharma's arrest.

Justice has become a relative term in India. It depends on who you are. If you are resourceful enough, you can get away with anything. Take the case of Chief Election Commissioner T N Seshan. He has made a mockery of the three-man election commission. When challenged, the Supreme Court first gives a stay order, which continues for 15 months. Then it hears the case in February but reserves the judgment. With due respect to the court, such delays only tell upon the institu-

tions. Poor Pillai had no godfather in the political arena of Delhi, while Sharma had. New Delhi was also anxious to propitiate Singapore, which demanded Pillai's custody before pursuing India's application for membership to the ASEAN economic union. His wife was probably right when she said: "This is what my country has given me. At least, the Singapore judiciary would not have killed him."

Prime Minister Narasimha Rao's response was to check the antecedents of Sharma

who, at one time, almost got the Congress ticket to fight the Lok Sabha election from Delhi. Lieutenant Governor of Delhi has ordered an inquiry (not judicial) into the circumstances leading to Pillai's death. By this time, we all know what a probe means. It is a momentary reaction to the public protest. None is held responsible. Even if someone is indicted, he is seldom punished. Dust of time covers up everything.

There is the example of murder of 3,000 Sikhs in Delhi in 1984. Till today, there has been no action against the culprits. Several inquiry committee reports, which belatedly ferried out

some truth, have been filed because the accused belong to the ruling Congress party. Courts have also behaved in a strange manner in the few cases filed. One accused was given anticipatory bail.

It may be a digression. But the case of raid on the Nadwatul Ulema, an Islamic seat of learning in Lucknow, is pathetic. It is an example of excesses committed by the biased Intelligence Bureau officers. Nearly 125 of them were involved. The Union Home Ministry's report is said to have exonerated all of

wrongdoers could not go scot free.

The lack of action only underlines the point that men are not important as is the government machinery, whether called by the name of IB, CBI or the home ministry. Under the cover of secrecy, they are operating in a manner which is neither legal nor human. In a democratic society the people must know what the government is doing. Democracy depends upon an informed electorate. Any system which is not accountable becomes oppressive.

See what the misuse of the Terrorist and Disruptive Activities Act 1987 (TADA) did to the country. It made politicians dictatorial and police tyrannical. The law had given the government enormous powers, which could not be questioned even in a court of law. Such people were detained as had nothing to do with terrorism. Although a "confession" before a superintendent of police and above was made admissible as evidence, the conviction was less than two per cent.

Still a new legislation is sought to be brought before parliament. Former Home Secretary N N Vohra has argued in an article that a TADA-like law should be revived. It will be the same story of repression, harassment and vindictiveness. The government fancies more authority but seldom does it pay any attention to the misuse of

extraordinary powers. Heavens have not fallen now that TADA has not been there for the last two and a half months.

Those who defend the system and put the blame on ministers and bureaucrats running it have a point. But the system is not capable of producing better rulers. The country has been ridden too long by too many corrupt politicians, unscrupulous businessmen and authoritarian bureaucrats.

No presidential system of government can set things right. The type of people who come to power are generally from the dredge of society. The electoral system is such that better people cannot be returned. The politicians' strategy is that of vote banks and it has led to criminalisation of all tiers of life. In the last decade or so, there has been increasing use of religion, caste, money and muscle to enter into the corridors of power and to remain there. The instruments of administration have become a vehicle of tyranny or favouritism as has been seen in the cases of Pillai and Sharma.

One feels lonely in a society which cannot find incorruptible and conscientious men and women as its rulers and which is resigned to electing the same politicians in one formation or the other. The society has not been deterred even by the misperformance of such people. Most big names among them are tainted, and the Supreme Court is yet to decide the involvement of some in the *havalas* racket (the money received from abroad through private channels). It seems something clean, honest and fair has gone from Indian life.

in the country hardly pay any income taxes.

The 1995-96 budget is the culmination of a process of change or reform that the Finance Minister had started in 1991-92. Over these years, by following steadfastly the policies of trade liberalisation (through changes in taxes and duties and elimination of quotas and bans), deregulation, market-oriented economy and export-led growth, the Finance Minister has been able to bring the economy out of the dead-end of the controlled system and the economy has begun to respond gradually. There are, of course, spots of successes and failures. Successes are still few but the roadblocks are overwhelming. There is a lot to be done to push the economy further forward by strengthening the legal framework for all kinds of business contract fulfillment, stopping the financial bleeding by closing down the losing government industries, by privatising the publicly-held industries, by stopping the injection of capital into the defaulting banks, by streamlining the custom, tax and administrative machineries and by strengthening the transport, communication and utility services.

Some Concluding Observations

Although the 1995-96 budget expenditure is about 9% higher than the revised 1994-95 budget level, its pattern of allocation does not seem very rational. Allocation in social welfare, transport, power, and agriculture and rural development sectors seem to be much less than what the fast growth of these sectors and the poverty alleviation would require. Over 21% of the total budget expenditure has been kept for Unexpected Expenditure and Lump Provision/Non-Sectoral Allocation which cannot be justified by any criteria of budgeting principle. Allocation of Tk 200 crores as grants to non-government Madrasahs which is far greater than Tk 164 crore grant given to all the Universities and only Tk 44 crores given to Technical Education amounts to an abdication of all sense of economic criteria of resource allocation.

On the taxation side, wide ranging reduction of duties and taxes, which was started in 1992-93 budget, is a welcome step towards rational policy making since it will not only relax the controls on the economy but also will reduce price distortion and inefficiency of resource allocation in the market and thereby promote the country's competitiveness abroad. The reduction, and in some cases complete elimination, of duties on the machineries, spare parts and intermediate inputs and raw materials of agriculture, livestock, poultry, fishery, textile, ceramic and melamine, and electronics sectors is a commendable step since the country's major thrust of development should be in these sectors which are showing signs of economic efficiency and competitiveness. Promotion of these sectors will not only contribute to faster growth of output and employment but also will help alleviating rural poverty.

Before he leaves office, the Finance Minister should direct his attention to the solution of Tariff Value and Assessable Value problem at the customs which is a constant source of corruption and harassment to the traders and industrialists. Streamlining of the administration of VAT and income tax machineries and reducing the unjustifiable dependence on indirect taxes which is distorting prices and misallocating resources in the economy. If he can streamline the tax machinery, he can realize more than 350 crores Taka that he has mentioned in his budget speech, as a possible gap, to meet his revenue target. It is shameful to learn that the richest class of businessmen

Concluded

Budget 1995-96: A Close Look-II

Changes in Duties and Taxes

by Kabir U Ahmed

substantially and their effects on tax revenues have been very satisfactory. In recent years, VAT has been yielding the second highest amount of revenues to the government (2965 in 1994-95 and 3629 expected in 1995-96).

The budget has taken bold step in reducing Custom Duties and VAT to promote a number of industries like fishery, poultry, livestock farming, textile, ceramic, leather, cosmetics, optical, mach, rubber, transport, and electronics industries. By substantial reductions or elimination of duties completely, on the raw materials and spare parts of these industries, the government is giving a clear signal that it is interested in promoting these industries. Since these are small and cottage industries, this measure is going to promote development, create more jobs and income at the grass roots level, and help alleviate poverty, which is commendable.

To give some examples, for fishery, poultry, and livestock industry, duty on oil cakes is completely exempted, and duties on 7 vitamins used for poultry reduced from 30% to 7.5%, on another 8 types of vitamins from 15% to 7.5% and on inactive yeast from 30% to 7.5%. Duties on a set of 1028 intermediate inputs have been reduced from 30% to 22.5%. For textile sector, duties on cooling system, humidifier, measuring machines, cotton, waste, and wool tops are eliminated. Duty on special threads for Zamdani Sari has been reduced from 30% to 7.5%. For ceramics and melamine industry, duties on ball clay and fire clay, felpser, plaster of Paris and ball stones have been reduced from 15% to 7.5%, and on transfer paper and zirconium from 30% to 15% and 22.5% respectively.

Further, in order to provide incentive to invest in large-scale industries, government has the investors facilities of faster rate of capital depreciation and tax-holidays. The latter facility was supposed to expire on June

30th, 1995. Even going against the advice of the technical advisors, the Finance Minister has extended the tax-holiday period for another five years ending in year 2000. This is a special incentive for large capital investment. At the present state of changing investment climate, it is likely to attract more foreign direct investments into the country which is badly needed.

However, in spite of all these simplifications of the tax system, and reduction of duties and taxes, there seem to be three important areas that needed to be addressed which the Finance Minister did not mention. The first point relates to the use of Tariff Valuation (TV). When the custom officials think that the invoice value of an import is lower than what they think it should be, then they apply TV as a basis for custom duty to be paid by the importer. These TVs are pre-assigned values of a number of commodities determined by references to the decisions of the Customs Valuation Court. These values may be outdated but the custom officials have the right to use them whenever they have any doubt about the invoice values. There are about a few thousand such TVs now which are approved by NBR and have become the sources of troubles for the importers, or more appropriately, sources of bribes, corruption and even harassments. There is a need for settling this issue and nothing has been done about it.

In the second place, VAT has not been administered well and it is creating the cascading effects which was supposed to avoid. One of the problems of VAT is going to be illustrated here. For example, suppose a trader imports a product, say, refined sugar, needed for a variety of products. A pineapple juice processor who needs a small amount of it for his product will go to buy it from the trader who sells the refined sugar, say, at Tk 32 per Kg including VAT. The seller doesn't show in his sales voucher how much VAT is

charged for that small amount of sugar he sold. The manufacturer takes the VAT-included price of sugar as his cost and builds that into his price of one can of pineapple juice. When he sells this can of juice, there is a 15% VAT on the price. He is supposed to deduct the amount of VAT he paid to the sugar supplier but cannot do so since it was not mentioned in the sales voucher. As a result, the price of the can of juice includes the VAT twice. Since this is happening, the price of the product is going up by the amount of the VAT every time such transaction is taking place. The final consumer is bearing the brunt and NBR is getting excessive amount of VAT revenues. The poor recording system of the importers and the retailers needs to be improved; otherwise, VAT will keep pushing the final prices upward.

Finally, if one looks at the ratio of direct tax/total tax revenues, (1635/12,205), one finds that it comes to about 13.4% while the indirect taxes/total tax revenues (10570/12,205) comes to 86.6%. Such a heavy dependence on indirect taxes is a sign of backwardness of the economy. The major burden of the tax revenues is borne by the poor consumers. Further, what the policy makers of Bangladesh do not even discuss is the price-distortion effects and the resource misallocation effects of such price distortion in the market. In a free market system, distorted prices leads to weakening of the competitiveness of the economy in the international market and also leads to the production of wrong goods and services at home. This creates particular difficulty in the case of Bangladesh when it is surrounded by a large country like India which produces more efficiently a wide range of goods that Bangladeshis consume. Low prices in a large neighbouring country with efficient production system leads to uncontrollable levels of smuggling of goods. If Indian

prices are cheaper, no amount of BDR surveillance of the border can stop the inflow of Indian goods. Every one knows that there is a huge trade imbalance with India now. Finance Minister's speech doesn't even touch on this crucial issues.

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To the Editor...

Destroying rickshaws: A second thought

Sir, I have learnt from a news item published in your esteemed daily on 1.7.95 that some 7000 seized rickshaws are going to be destroyed by the authority. I am not surprised by the news because this kind of issues are not new in this country. We have a habit of destruction. At the time of hartals we destroy cars, buses and public properties to register our protest! Now a government agency has decided to destroy 7000 rickshaws which are the only means to earn living for at least 28000 people of this country and also the only means for transportation for some unfortunate who don't have cars and who cannot use the public transport like

buses/minibuses for a number of reasons. Anybody can destroy anything anytime without giving a second thought to the issue but this kind of destructive activity may not be wise all the time. Rickshaws are the creation of our present socioeconomic system. This mode of transport has not been evolved in a day. This is a fact which cannot be overlooked by simply destroying it. Thousands of people finding no other way to earn their livelihood have adopted the path of pulling rickshaw. When a person finds no other way he chooses to pull rickshaw. Rickshaw passengers also use it finding no other available means for transportation. If you believe the economic theory of demand and supply you will realize the cause of the ugly presence of rick-

shaws. Rickshaw may look funny, rickshawpuller even funnier, but it is the only earning source for thousands of people. And these days finding out a job for earning your livelihood is not a matter of joke. If these people are driven out what they would do for maintaining their family? Has any one ever given a second thought to that aspect of the subject? Forget about the rickshaw passengers, they may find out alternative way.

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A welcome proposition

Sir, The first women bank of Pakistan will estab-

lish its overseas branch in Bangladesh by the end of the current year or early next year is a welcome news. This proposition by the president of the bank is of course praiseworthy.

There will be no dearth of capital for this proposed joint venture bank to be entirely run by women. There is no dearth of highly educated and talented ladies to hold key posts of this bank here. Staff requirements also can easily be met for which sufficient suitable hands are available among our women folk.

Our government, particularly our hon'ble Finance Minister, is very vocal on establishing this type of financial institutions (banks) in the private sector.

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