

## Ministers take a swipe at Saifur

By Staff Correspondent

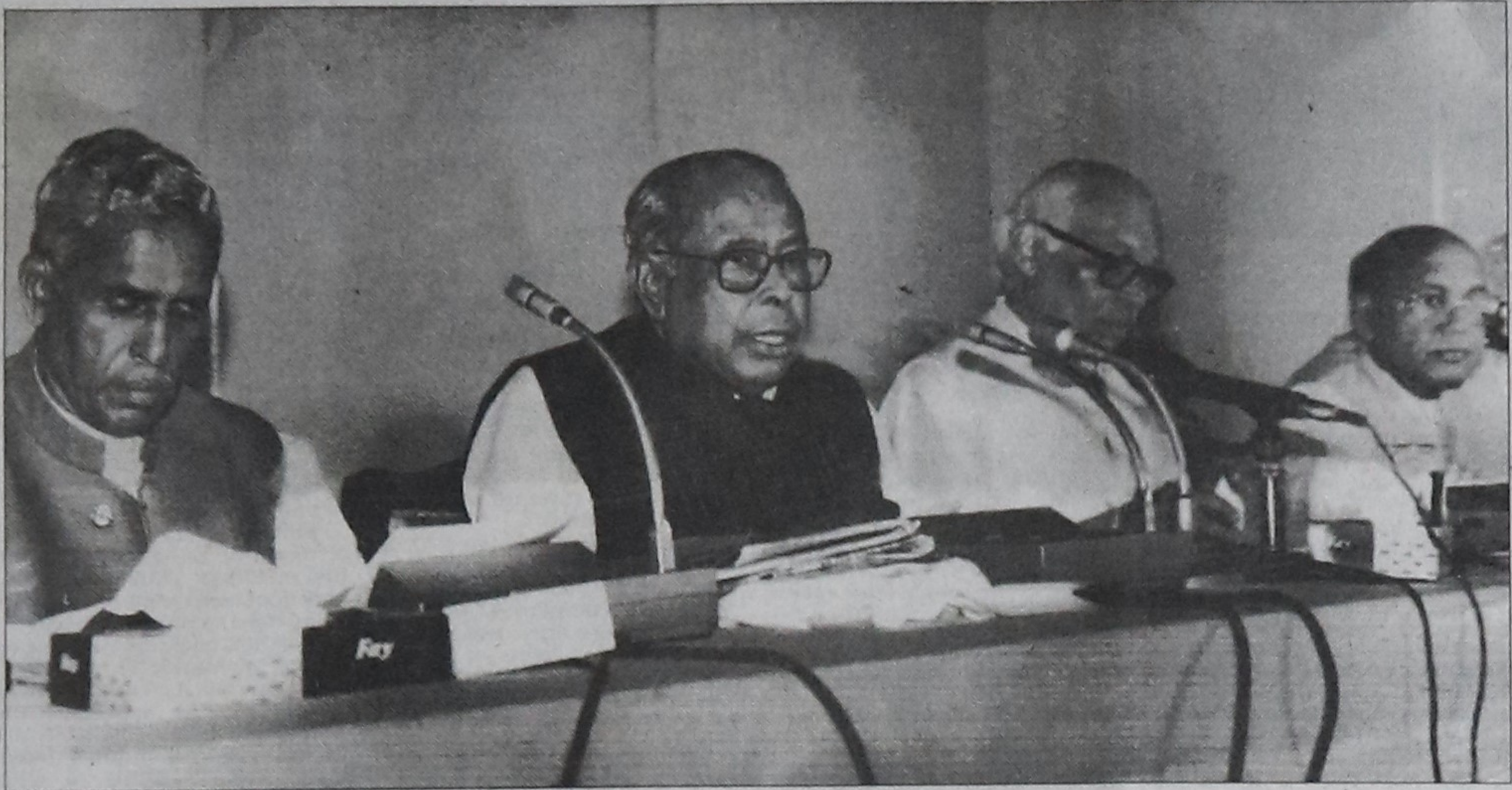
Finance Minister SAMS Kibria, joined by some other ministers, yesterday lashed out at his predecessor Saifur Rahman for what they said criticising the proposed budget just for the sake of criticism and not basing it on facts and figures.

Referring to the former finance minister's reported reaction to the budget for the next fiscal year, Kibria said he had only made sweeping comments.

"I do not find any justification for these sweeping remarks. The reaction of leaders, particularly those who are Chartered Accountants, should have a minimum standard of using statistics," he said at the post-budget press conference.

Kibria said Bangladesh Bureau of Statistics (BBS) is the only reliable source of information which is used in all cases.

"As an economist, I have made budget proposals which are required for economic growth and continued development of the country, whereas the former finance minister



Finance Minister SAMS Kibria talks to newsmen at yesterday's post-budget conference at the Planning Division conference room. Water Resources Minister Abdul Razzak is on his right while Education Minister AHSK Sadek and Industries Minister Tofail Ahmed are on his left.

## Kibria defends borrowing from banks

By Staff Correspondent

Finance Minister Shah AMS Kibria has defended government borrowing from the banking system saying it is justified when the money goes for development financing.

"The government had to borrow because of development and investment purposes. The needs for government borrowing will be reduced in future as the revenue collection is expected to increase," he said at a post-budget press conference held at the Planning Division Conference room yesterday.

Macroeconomic instability could only occur, he said, if the borrowed money went to 'wasteful expenditure'.

"Instability may arise only when the size of investment and development activities is reduced and the money is spent for luxury."

In many developed countries, development activities are financed by borrowing. Even in India borrowing by the government is more than 10 per cent of the expenditure, he added.

Inflation did not rise due to government borrowing, Kibria said, adding corrective measures would be taken if inflation went up.

Average GDP growth over the past four years has been above five per cent, which, he said, is a success story for the present government.

"Overall economic situation is satisfactory."

Kibria hoped that many would take the opportunity to

## Hartal on Monday

By Staff Correspondent

The opposition alliance has called for a countrywide dawn-to-dusk hartal on Monday to protest the proposed 'anti-people' national budget.

The decision was taken at a meeting of the Central Liaison Committee held at 29 Minto Road yesterday evening, with BNP Secretary General Abdul Mannan Bhuiyan in the chair.

Bhuiyan said the opposition parties have been forced to go for the shutdown since the budget does not reflect the interests of the common people, especially the farmers, workers, teachers and government employees.

It aims to protect the interest of the Awami League and the who made illegal money. He said the proposed budget is a document of failures of the government. It has again proved that the AL is totally incompetent to run the country.

The budget does not show a way as to how to resolve the growing unemployment problem, improve the deteriorating law and order situation and other pressing issues, including the power supply, he added.

Bhuiyan said the introduction of the new provision for borrowing from banks by the government is unprecedented. He called upon the countrymen to build a mass resistance against the government and the 'anti-people' budget. He also urged the people to make the Monday's hartal a success.

BNP leaders Tariqul Islam, M Shamsul Islam, MP, M Moshed Khan, MP, Sadek Hossain Khoka, MP and Anwar Zahid; Jatiya Party Secretary General Nazim Rahman Manjur and party leaders Kazi Firoz Rashid, A B M Golam Mostafa, Mostafa Jamal Haider and Shah Mohammad Abu Zafar; Jamaat Secretary General Matru Rahman Nizami and its leaders Mohammad Kamaruzzaman and Abdul Gader Mollah attended the meeting.

However, no representative from the Islami Oikya Jote attended the meeting. BNP leader Anwar Zahid during the press briefing said the IOJ representatives could not attend the CLC meeting "because of their illness."

## Bangladeshis among 130 held in Turkey

ANKARA, June 9: Turkish police arrested 90 foreigners today in northwestern Turkey as they attempted to cross the border into Greece, news reports said, according to AP.

The would-be immigrants — including Iraqis, Afghans, Palestinians, Bangladeshis, Moroccans and Syrians — were detained near the towns of Uzunkopru, Meric and Ipsala on the Turkish-Greek border, the NTV news channel said.

Meanwhile, 40 refugees from Nigeria, Pakistan and war-torn Sierra Leone were detained near Izmir in western Turkey, Anatolia said. Police said the 36 men and four women were planning on entering Greece by sea.

It was not clear when the second set of arrests were made. Thousands of immigrants from Asia, the middle East and Africa are caught each year in Turkey as they try to enter Greece, from where they hope to move on to prosperous European Union countries.

## Conservatively pro-active Debapriya defines proposed budget

By Staff Correspondent

The proposed budget for fiscal 2000-2001 is conservatively pro-active that aims to keep the status quo, said economist Dr Debapriya Bhattacharya.

However, he said the future projection is missing in the budget. Instead, it analysed the past more.

Bhattacharya, executive director of Centre For Policy Dialogue (CPD), an independent think-tank, was talking to the Daily Star yesterday on the proposed national budget and the revised budget of the outgoing fiscal. He analysed the new budget and the revised one according to new national accounting series.

He thanked the finance minister for showing in his budget proposal how the government is going to finance the deficit but expressed concern at the overall budget deficit that surpassed the safe limit of 6 per cent of GDP.

He also contradicted the overall budget deficit figures shown in the budget. According to Dr Bhattacharya, the budget deficit is 6.9 per cent of the GDP for the current fiscal (1999-2000). However, the budget document shows it at 5.8 per cent of the GDP. He also said the budget deficit would be 6.97 per cent of the GDP in the next fiscal. But, the budget document says it will be 5.9 per cent.

"I am a bit confused. I just don't know how they calculated it. Whether they interchangeably used budget and fiscal deficit is something to talk about," said Bhattacharya, who is also a member of the macroeconomic advisory committee of the Finance Ministry.

"If the deficit is more than 6 per cent, then there is reason to be concerned. Any deviation from the current fiscal targets may lead to serious problems."

He said 3.52 per cent of the deficit financing would be met from foreign source and 3.45 per cent from domestic source, of which 1.31 per cent through

## BNP calls budget a hoax

By Staff Correspondent

BNP has formally rejected the proposed national budget, terming it 'anti-people, fabricated, false, hoax, unrealistic and imaginary.'

Referring to the provision of whitening 'black money' by giving 10 per cent tax, Prof. Chowdhury said the government knows that more than 50,000 Awami League men have become millionaires through illegal way in last four years. This provision is introduced solely to allow them to make their black money white.

"This system to whiten the black money by paying only 10 per cent tax will encourage corruption in the country."

He said the provision to allow a person to bring 10 kg of gold by paying Tk 200 per tola as tax is also to facilitate the AL men whiten their black money.

The deputy opposition leader said although the fi-

## Politics, bureaucracy blocking Japanese investment

TOKYO, June 9: Political instability, especially frequent hartal, red tape and power problem are seen here as the major impediments to Japanese investment in Bangladesh, reports UNB.

"Otherwise, the environment in Bangladesh for investment is excellent," said Chairman of Japan-Bangladesh Joint Committee for Commercial and Economic Cooperation (JBJCCEC) Uzuhiro Uwatoko.

Addressing a press conference after the two-day 11th meeting of the JBJCCEC followed by an investment conference he, however, struck a note of optimism that more Japanese entrepreneurs would go to Bangladesh.

Uwatoko, who signed a joint declaration along with Bangladesh side leader and FBCCI Director Abdul Haq, however, said the possibility of taking Bangladesh workers in Japan right now was thin.

"It is a matter totally depending on the ministry of justice," he told a Bangladesh questioner at the press meet.

He said if the political instability could be overcome, Bangladesh would be a tremendous destination for foreign investment, especially from Japan.

"Bangladesh's labour is cheaper from security perspective, it enjoys very good position, it has no ethnic problem and war like in Sri Lanka," said the JBJCCEC Chairman.

Replying to a query he said the problem regarding KAFCO would not be a major problem for Japanese investment in Bangladesh. "The major problem is political instability, not



Deputy Leader of Opposition Prof. AQM Badruddoza Chowdhury (C) talks to the media during a press conference at 29 Minto Road, the official residence of the Leader of the Opposition in Parliament yesterday. BNP secretary general Abdul Mannan Bhuiyan and Moudud Ahmed are also seen in the picture.

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## Slow-go industrial growth on the cards?

By Inam Ahmed

Was it an overstatement to silence the critics, or a genuine lack of understanding of the reality? Whatever it may have been, the finance minister's statement in the budget speech that investment in the country's industrial sector is highly satisfactory has essentially set the tone for a low industrial growth.

Industrial growth of five and a half per cent in the first seven months of the fiscal year is already low, although it may signal a bit of recovery from last year's depression.

Kibria has talked of increased industrial credit disbursement, especially working capital, which grew by 42.7 per cent in the first six months of this fiscal year. But looking at the industrial growth figure, one can only wonder where all this money had gone. Although not a one-to-one relationship, working capital increase, which directly goes to production, would have a better impact at least. This once again proves that figures may at best be the penultimate goal.

The finance minister has taken a number of measures to turn the tide in favour of the industry. The fear was very much there that the gods may not keep smiling forever and agriculture may not keep fuelling growth. With this in mind, Kibria genuinely wanted to meet the long-standing demand of the Corporate Bangladesh to reduce lending rates.

But banks were not in a position to reduce their rates because of huge defaulted loans. How can they when over 40 per cent of their loan-portfolio is classified? In a bid to give relief to the nationalised commercial banks (NCBs) from the debts of the state-owned enterprises (SOEs), Kibria proposed Tk 1800 crore interest-bearing bonds for them.

A nice move. In the short-term only. Because the finance minister ruefully overlooked the issues of SOE reforms and privatisation.

In his speech, Kibria tactically addressed the SOE issue, delving in rhetoric and much-known 'privatisation policies', which have resulted in even much more known results. While doing so, he could not shrug off the figure that the country will lose this year alone a mammoth Tk 3100 crore as SOE haemorrhage.

In his own words, "We have reached the conclusion from our experience over the last four years that in order to globalise our economy successfully, we will have to 'indigenise' our reform process. For example, strategy for privatisation by the present government has undergone significant changes owing to indigenisation of policies in this area."

So, what are those policies? Workers of the to-be privatised SOEs would be paid off before the hand-over, looking at the feasibility of handing over units to workers and selling off lands separately.

## Telephone lines to double by 2001

Star Report

The number of telephone connections in the country will more than double by the year 2001.

"By the year 2001, total telephone connections in public as well as private sector will be around 12 lakh," Finance Minister SAMS Kibria said while presenting the national budget for fiscal 2000-2001 in parliament on Thursday.

The minister said, "Telecommunication is of paramount importance in the globalised economic system. Therefore, immediately after assumption of office, the present government initiated actions for expansion of the Telecommunication system both in the public and private sector."

The state-run Bangladesh Telegraph and Telephone Board (BTB) presently has provided 4.9 lakh telephone connections, the minister said.

He said by the end of fiscal 1999-2000, this number will rise to six lakh and then eight lakh in fiscal 2000-2001 through implementation of various on-going projects.

Meanwhile, five private companies have given 1.5 lakh telephone connections.

Recently, one private company has been given licence to provide two lakh telephone connections. These are one kind of extended cordless telephones known as Public Handy Phone (PHS).

The government signed a deal with WorldTel, a US company, for installation of three lakh telephones in the capital

## MCCI, DCCI hail new budget

By Staff Correspondent

The Metropolitan Chamber of Commerce and Industry (MCCI) and the Dhaka Chamber of Commerce and Industry (DCCI) welcomed the proposed budget and appreciated the government for various measures to boost industrial growth and overall development.

They, however, expressed concern over some issues such as increased bank borrowing by the government and widening fiscal deficit. These may seriously affect the people and business community in particular, they maintained.

The members of the board of directors of the Dhaka Chamber of Commerce and Industry held a meeting yesterday to review the annual budget placed before the Parliament on Thursday.

The MCCI appreciated the new budget declaration for providing incentives for industrial growth, capital market development, relief for the small taxpayers, widening of the tax net and further streamlining of the tax administration.

Latifur Rahman, president of the MCCI, thanked the government for accepting a number of its recommendations including the creation of the Equity Development Fund.

He, however, expressed concern over the trend of a deteriorating fiscal balance and higher government borrowing from both local and foreign sources.

The trend of a deteriorating fiscal balance in terms of in-

## SOE investment reaps no benefit, says Economic Review

By Staff Correspondent

The nation could not tap benefit from huge investment made in the state-owned enterprises (SOEs) because of inefficiency in the public sector.

According to the latest edition of Bangladesh Economic Review, total investment in 40 SOEs (excluding financial institutions) has been Tk 72,376 crore, or 47 per cent of the gross national production.

But, annual return was only 0.19 percent in 1998-99, which, says the Review, is 'unfortunate' and underscores the need for extensive reforms in the public sector.

As of January 2000, these SOEs owed Tk 4,437.13 crore to different banks, says the Review. Of this Tk 2,050.11 crore or 47 per cent is classified.

Bangladesh Chemical Industries Corporation (BCIC) it's been downsize all along. Its net loss rose to Tk 294.95 crore in 1998-99 from 64.05 crore in 1993-94.

However, Bangladesh Textile Mills Corporation (BTMC) has shown some signs of recovery, its net loss coming down Tk 153.87 crore in 1993-94 to Tk 80.33 crore in 1998-99. Again, this loss reduction is attributed to non-operation of many mills under BTMC.

## One gunned down in city

By Staff Correspondent

An alleged terrorist was shot dead by a gang at Baganbari in South Goran area under Khilgaon thana, the city yesterday, police said.

The victim was identified as Omar Ali, 20, a resident of South Goran.

Police said Omar was an accused in a criminal case filed with Khilgaon thana. He and his accomplices were involved in criminal activities in the area.

Omar might have been killed by the gang due to rivalry over domination in the area, police suspect.

A gang of six led by one Helal attacked and beat Omar severely and then Helal shot him in his chest and belly with a pistol. The gang fled the spot immediately, witnesses said.

A local woman took fatally injured Omar to Dhaka Medical College Hospital where he died shortly his admission, hospital sources said.

His body was sent to the hospital morgue for autopsy.