

Talks come to naught

IMF conditions too harsh to swallow

INAM AHMED and SHAHRIAR KARIM

The bailout talks with the International Monetary Fund (IMF) have ended in failure after the government found the conditions of the fund too harsh to swallow with wide-ranging political and social repercussions, sources said.

The IMF team left the country after a long stay here to discuss the government's appeal for standby loan support for its frail balance of payment situation.

Although the government had promised to implement a number of harsh measures, including closing down loss-making bank branches, capping expenditure, planning massive privatisation programme and keeping recruitment on the hold, the IMF pushed for more.

The talks fell through as the IMF wanted the government to cut budget by Tk 6,000 crore to Tk 7,000 crore and opt for free-float of the exchange rate, among others.

Meantime, Finance Minister M Saifur Rahman yesterday expressing his reaction said the issues have to be discussed in parliament and also in the parliamentary party of the BNP. Understandably, they need so because of the possible political backlash.

However, he said another IMF team would be coming in July to discuss the conditions.

As it looks today, the IMF's bailout would remain a far cry and the government will have to chart its own ways of tackling the faltering situation.

"The country's plea for any future financial assistance from the IMF will now depend on the framing of the next budget and a comprehensive policy strategy to promote sustained growth and reduce poverty," said a finance ministry top official.

Before committing any fund, the IMF wants to see a written policy package from the government to tackle the short-term challenges, he said. The preparation of the Poverty Reduction Strategy Paper (PRSP) and commitment to implement it are among the preconditions for any assistance.

Meantime, the IMF in a press statement yesterday also made it clear that 'determined implementation of a strong comprehensive policy strategy to promote sustained economic growth and reduce poverty over the medium term could draw additional external financial assistance, including from the international financial institutions'.

IMF Resident Representative Marijn Verhoeven in a statement yesterday said the donor agency in its discussion with the government has succeeded in identifying various policy options for tackling the economic challenges that the country faces.

"Efforts will need to be made to foster a better macroeconomic balance," Verhoeven said.

"The authorities have indicated their intention to take steps to limit the budget deficit to a level consistent with available resources and to avoid resorting to administrative controls, excessive monetary financing, and nonconcessional borrowing," the IMF representative mentioned.

"Accompanied by sensible handling of interest rate and exchange rate policy, such fiscal policy efforts should serve to bring about greater economic stability," Verhoeven said.

Terming the discussion between the government and the IMF 'open and constructive', the IMF resident representative said, "On the basis of the discussion, the authorities believe that a comprehensive policy package would be better framed in the context of the budget for the next fiscal year

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PHOTO: STAR

No delay... extortionists count money grabbed from cattle traders (left), and a trader (right) settles a haggle over tolls at the Gabtali cattle market in the city yesterday.

Extortionists collect toll from cattle traders

NAZMUL ASHRAF

After ending an over four-month self-exile, deposed president HM Ershad is once again looking for a new political ally.

However, sources close to Ershad have hinted that the former dictator is more likely to follow a political path that will fit into the BNP politics more than his old ally Awami League for obvious reasons.

Ershad whose Jatiya Party is the second-largest opposition group in parliament, clearly hinted at doing nothing to irritate the BNP-led coalition government. And, speculations have it that the former president has entered a "secret deal" with the government before returning home on Saturday after his long stay abroad, mainly in the United Kingdom.

His contradiction with the AL on alleged rigging in the last election and the post-election atrocities were nothing short of an attempt to make the ruling coalition happy.

On arrival at the Zia International Airport, he also did not miss the chance of supporting the government's plan for gas export.

Asked about the just-held convention on human rights violation under the present government, the ex-military ruler told reporters that he did not know anything of the sort.

Ershad left the country only a day after the BNP-led alliance won the October election by a landslide last

Ershad on match-hunt

year. His conspicuous departure was dubbed a bid to escape actions by the ruling alliance, which he betrayed months before the polls. However, Ershad has attributed his stay abroad to medical treatment.

Since he stepped down in the face of a mass upsurge more than a decade ago, the former military dictator shuttled between two leading political parties - the BNP and the AL of former premier Sheikh Hasina.

Ershad who heads the mainstream Jatiya Party frequently switched his allegiance between the two top leaders, who have ruled the country in consecutive terms over the last decade, only to make sure that he is not landed in jail. Conversely, Khaleda and Hasina, who led jointly the 1990 movement toppling the Ershad regime, too, enticed the fallen dictator just to weaken their opponents. And, the two most powerful women used graft and murder charges against Ershad as the trump card.

Twelve graft and one murder counts have been pressed against Ershad, already convicted in two graft cases. Besides, he had served jail term in another graft case. He was freed from jail on bail ahead of the October election following a "secret deal" with the past AL government that distanced him from the BNP-led alliance.

With Ershad returning home, a belief surfaced in the public mind that he may have to act for the BNP - the way he did for the AL earlier to keep himself away from jail.

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Browbeating browsing

Fresh annual fees slapped on ISPs

ABU SAEED KHAN

Internet browsing would soon become a costly affair with the slapping of fresh annual fees on Internet Service Providers (ISPs) under the new licensing rules by the Ministry of Post and Telecommunications (MoPT), sources said.

The ministry has recently imposed a band of annual fees for the ISPs according to their use of satellite bandwidth.

These fees are Tk 50,000 for using 64 kilobits per second (kbps), Tk 100,000 for 128 kbps, Tk 200,000 for 256 kbps and Tk 300,000 for using 512 kbps of bandwidth. The ISPs using one megabit per second bandwidth or higher will have to pay Tk 400,000 annually.

These payments are in addition to the annual license fee of US\$ 3,500 and the recurring costs of satellite connectivity. The MoPT also charges each ISP \$1,000 as 'shifting charge' for relocating business.

"These rules are devised to create a market monopoly by the state-owned ISP," said Akhteruzzaman Manju, president of the ISP Association. He criticised the telecom ministry for imposing various fees on private ISPs while the Internet service of the Bangladesh Telegraph and Telephone Board (BTTB) is exempted from all such payments.

"It violates the telecom act and the new telecom regulator should ensure a level playing field," he maintained. Manju said some ISPs buy bulk bandwidth and share the capacity with other ISPs and cyber cafés through private radio links. But the new law forbids such sharing.

"These provisions would hinder mass use of Internet," commented Asif Mahmood of Tech Valley, a broadband and Internet backbone provider. He said students and low-income group people use the cyber cafés or public call offices. "But they would not have access to the Internet as more than 100 such outlets would soon be shut down," Asif said.

Under the new licensing provision, the ISPs will have to pay \$2,000 annually as 'sub-lease fee' for each corporate customer. The MoPT also prohibited Internet connection for any commercial organisation engaged in the business of public phone or fax services.

Bangladesh has a very thin Internet penetration with only one lakh users being served by 50 ISPs. Users paid between Tk 4 and Tk 2 per minute when the technology was first introduced in 1996. Today, the price has come down to between Tk 0.50 and Tk 2 per minute.

Waiver of import duties on computers and deregulation of the satellite bandwidth made the ISP business

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Rtd college teacher strangled, contractor shot dead

STAFF CORRESPONDENT

A retired professor and a business-cum-BNP activist were murdered in the city yesterday.

Gulshan Police recovered the body of Nurun Nahar, 68, a retired professor of Bengali Department of Government Titumir College from her first floor residence at about 8pm Saturday.

Acting on a tip-off, a team of Gulshan Police went to the Banani house of Nurun Nahar and found her lying on the bloodstained floor with her hands and legs tied up.

Police sent the body to the Dhaka Medical College Hospital (DMCH) morgue for autopsy.

Police suspect the victim might have been beaten and strangled thereafter.

Sources said the murder might be part of an attempt to grab her property. Another source however said it could have been an act of revenge for her ill treatment of servants and guards.

Police believed that the killers tried to make it look like a case of dacoity by ransacking the house. They also looted cash and gold ornaments from the house, but police could not give any details of the looted valuables.

Victim's brother Mostafizur

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PHOTO: STAR

Brother of Gazi Abbas wailing over the body. Abbas was gunned down at his East Tejgaon residence in the city's Tejgaon area yesterday.

Hajj at govt expense

STAFF CORRESPONDENT

A near deadlock situation is prevailing in most of the ministries at the Secretariat as a large number of officials and employees left for performing Hajj.

Sources said a good number of officials and employees of the Bangabhaban, Prime Minister's Office and some ministries, particularly the Ministry of Religious Affairs, went to perform Hajj.

Besides, a number of ministers also left for Hajj.

The sources said work was greatly hampered at the Secretariat yesterday due to absence of the officials and employees.

The situation was worse at the religious affairs ministry as the state minister, secretary, joint secretary and many other officials of the ministry left for performing Hajj, most of them at government expenditure.

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Clarification

UNB, Dhaka

The government has undertaken a programme to make the recently decommissioned frigate of Bangladesh Navy, formerly known as BNS Bangabandhu, fully operational after necessary modifications.

A programme has been under-

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Old draft revived

Fresh move for gas regulatory body

SHARIER KHAN

The energy ministry is finalising a draft of the Bangladesh Gas Act for the third time that seeks to reduce the government's control over the sector by setting up an independent gas regulatory commission.

Pushed by the donors, the Awami League government had completed all the homework for the act and finalised two drafts. But it ultimately backed out from approving it on the ground that this would reduce the government's authority on the sector.

With the change of government, the donors have once again started pursuing the issue, tagging it with future lending in the gas sector.

The ministry is now brushing up the old draft, sources said, with the content remaining unchanged. It would soon be sent to the cabinet for approval.

The draft was prepared by the National Economic Research Associates (NERA), UK and Dr Kamal Hossain & Associates under an Asian Development Bank technical assistance project.

In June 1998, NERA submitted a preliminary report outlining a new gas law under the project. On the basis of the report, the ministry initiated the process of drafting the law.

The drafts of the Bangladesh Gas Act were completed in

September 2000 and again in early 2001 with an aim to help expedite long-term development of the gas sector within a competitive environment, foster private sector investment, protect consumer interest, prevent misuse of monopoly power and protect environment.

The act would also help set up a powerful Gas Regulatory Commission, which would provide gas operators licenses, ensure public safety and punish offenders of the gas act.

It suggests that no person shall export or import gas except under license granted by the government in accordance with the rules of the act.

The act addresses policy and institutional frameworks, gas usage and regulation of technical and safety standard etc. It would consolidate and amend the law relating to processing, transmission, distribution and supply of gas.

The Gas Act redefined the government's power and functions in the gas sector. In order to maintain a good gas reservoir management system, the government would monitor that annual gas extraction does not exceed 7.5 per cent of the proven gas reserve.

The act recommends that the Bangladesh Gas Regulatory

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Kibria blasts move to quit LDC group

UNB, Dhaka

Former Finance Minister Shah AMS Kibria MP termed "reckless" the government decision to opt out of the LDC Group.

Referring to Finance Minister Saifur Rahman's remarks that Bangladesh will no longer remain a member of the LDC Group, Kibria said in fact he is reported to have issued instructions to the officials concerned not to attend the meetings and activities of the club of world's 48 poorest countries.

In a statement yesterday, the former Finance Minister said a most "thoughtless" decision had been taken at a time when the economy of the country is facing a grave crisis and when every bit of support is needed for the export sector to retain its foothold in the international market.

"This reckless decision will not only jeopardise the interests of our readymade garment industry, but it will also throw down the drain all the benefits that the country is entitled to as a member of the LDC Group," he said.

Kibria said the government should have held prior consultation with the parliament as well as the political parties and the business community on such an important matter.

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