

BB suggests fuel tax cut to fight price hike impact

STAFF CORRESPONDENT

Bangladesh Bank (BB) has proposed a set of measures other than petroleum price adjustments to offset the negative impact of the rising oil prices on Bangladesh economy.

Suggested options like a combination of tax reduction and price adjustment, tighter monetary policy for minimising inflationary pressures and a depreciable exchange rate for mitigating the adverse impact on balance of payment (BOP).

The central bank stressed greater use of petroleum substitutes like gas and coal and encouraged efficient use of petroleum fuels minimising their misuse.

The policy options were outlined in the BB's quarterly report for July-September 2004 released yesterday, suggesting cautious handling of the contractionary monetary measures already taken to lessen the impact on the BOP.

The price of US dollar has shot up significantly in the foreign exchange

market as a result of the contractionary policy, prompting the central bank to start interventions to stabilise the market by increasing dollar supply.

BB officials said the ongoing interventions are aimed to check possible inflationary pressures resulting from high import prices as a major portion of Bangladesh's annual import bills is spent on crude and refined petroleum.

The government should not maintain a fixed pricing policy on oil and oil products to have a one-off inflationary impact for an improved fiscal position, the BB suggests.

Although the central bank suggests reduction of taxes on petroleum products, the government has just made price adjustments and yet to reduce taxes on oil import.

The BB report indicates that oil price would hit Bangladesh economy with negative impacts on the BOP and growth, which need to be mitigated by appropriate measures.

It however says the impact would not be as severe and direct on

Bangladesh as on other economies since the country has alternatives to petroleum products such as natural gas.

The BB has prescribed a coordinated and tighter monetary policy to negate future inflationary pressure but cautioned that an overly contractionary policy may exacerbate adverse income and employment effects.

The report asked the government to avoid a large exchange rate adjustment through additional foreign borrowing at concessional terms.

The central bank also cautioned against expansionary monetary and fiscal policies saying that it would only delay a fall in real income from rising oil prices.

Due to rising oil prices a lower projected growth of 8 percent in exports and steady import growth of 13.7 percent in the current fiscal year would lead to a projected deficit of US \$539 million in the current account balance, the BB says.

Top brass to get

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have to give their tax identification number for withdrawal of salary every month.

A civil servant entitled to a car will get Tk 14,000 a month if they do not use government vehicle. The commission also recommended officials who would not use government cars should get Tk 10 lakh in soft loans. Officials who are not entitled to government vehicles should also get Tk 4 lakh in car loans.

The commission has observed that because of poor pay, efficient officials tend to leave government service and join private jobs. It is also observed that efficient officials tend to lose their skills and zeal over time because of poor reward and punishment system.

The report showed how the gap in pay between a government and a private sector official widened since 1995. A secretary whose take-home salary was Tk 13,000 in 1995 now is Tk 19,348 at current price. But at the same time, a private employee who used to draw Tk 13,000 in 1995 now gets Tk 40,000. It shows a secretary now draws Tk 4,348 less than what he used to draw nine years ago.

About housing allowance, the commission recommended that civil servants should get more housing loans so that they can solve their own housing need. It also suggested that housing allowance should vary depending on the area of employment. For example, a staff living in

Dhaka city should get 60 percent of basic salary as housing allowance while one living in Chittagong city should get 55 percent, Rajshahi, Khulna, Barisal and Sylhet city 50 percent, old district towns 45 percent, new district towns 40 percent and upazila, union and other areas 30 percent.

The commission felt that civil servants should get allowances for the education of their children up to secondary level. It recommended Tk 100 per child education allowance for up to two children.

Pensioners
The commission has also recommended an increase in pensions. Those who are now getting Tk 200 net pension should get Tk 500 while the highest pension drawers getting Tk 5,501 and above a month should get a minimum of Tk 7,425.

Monetary involvement
The implementation of the new pay structure would involve an extra Tk 5,249 crore every year or 48.70 percent more in revenue expenses. This year Tk 10,779.41 crore has been allocated for salary and wages. If the new structure is implemented, this would increase to Tk 16,029.13 crore. The increase in salary head would be Tk 1,447.78 crore (38.62 percent), housing allowances Tk 607.67 crore (40.22 percent), medical allowances 222.47 crore (80.20 percent) and festival allowances Tk 302.49 crore (53.98 percent).

Dhaka agrees to gas

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party's adequate access, maximum security and optimal economic utilisation.

Bangladesh and India will reserve the right to access the pipeline as and when required, including injecting and siphoning off their own natural gas. The details of the deal will be worked out on the basis of commercial agreements.

Bangladesh State Minister for Energy and Mineral Resources AKM Mosharraf Hossain, Myanmar Energy Minister Brig Gen Lun Thi, and Indian Minister for Petroleum and Natural Gas Mani Shankar Aiyar represented their respective govern-

ments in the meeting.

The ministers decided to hold the first meeting of the working committee within a month in Yangon. The committee will advise the governments on policy issues as well as those related to pipeline and access. It will also draft a memorandum of understanding at the earliest mutual convenience of the governments concerned.

The MoU will be signed in Dhaka. The statement said the three countries also have agreed to set up an appropriate mechanism for co-operation between and among them to pursue their common goal of development for all the peoples of the region.

They have decided to pursue both trilateral and bilateral co-operation to promote, develop and implement projects and for augmented utilisation and development of energy resources and related infrastructure in the region. They will exchange relevant information to jointly promote energy surveys and develop upstream, downstream and other energy-related projects.

Poor gas supply

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The government yesterday issued a gazette notification in this regard. On Wednesday, prime minister approved the energy ministry's proposal to raise the gas prices in about six months of the last hike.

Mirpur, Pallabi, Shyamoli, Badda, Demra, Jatrabari, Mohammadpur, Uttara, Tongi, Cantonment area, Gulshan, Baridhara, Manikganj, Gopibag, Kalabagan, Dhanmondi and Tejgaon are worst affected in the ongoing gas crisis. Many residents of these areas said that they could not cook meals as gas burners get a low-pressure supply.

There were long queues of vehicles at the CNG stations across the city yesterday and most had to wait for several hours.

Gas supplied at low pressure has been affecting regular production as well in the gas-run industries of Tongi, Tejgaon and Savar EPZ areas.

"We experience the problem of low pressure usually during the winter when the demand for gas increases," said Murtasir Ali, director-planning of the Petrobangla.

"We are now working to install a new gas pipeline in the city and hoping that the problem would be solved within a month," he said adding, "Another pipeline will come into operation from next June."

A Petrobangla source said the country is facing a shortfall of about 1000 million cubic feet gas every day.

Saarc Summit

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in this regard is expected soon, they said.

The summit was originally scheduled for January 9 to 11 but was postponed on December 30 in the wake of the tsunami tragedy that struck three member countries -- India, Sri Lanka and Maldives -- on December 26.

In view of pre-occupation of the leaders with the tsunami relief efforts, it has been proposed to curtail the duration of the summit to two days from three days, the sources said.

The meeting of the foreign ministers of the Saarc countries -- India, Pakistan, Sri Lanka, Maldives, Bangladesh, Nepal and Bhutan -- will be held a day before the summit.

2-day holiday

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It said the recommendation has been made to save fuel costs, preserve environment and to maintain good health of the staff.

It would also help staffs to maintain link with their villages during holidays that would also help revamp the rural economy.

The commission observed that although the holiday on Friday is linked to religious sentiment, time has come to change that view because of the new globaleconomic system.

The commission has also recommended 15 days of paternal leave for employees.

It feels that the retirement age for government employees should be raised to 60 years instead of the present 57 years.

It said officials should get additional charge allowance for extra duty.

Tiger kills fisherman

OUR CORRESPONDENT, Sathkira

A fisherman was killed by a Royal Bengal Tiger on Wednesday in the Sundarbans.

Abdul Aziz Sheikh, 35, son of Amaid Hossain Sheikh of Bhetkhal village in Shyamnagar upazila, went to fish in the Dibi Canal in the Sundarbans with colleagues.

Police quoting the colleagues said a Royal Bengal Tiger pounced on Aziz and dragged him into the deep forest at around 11:00am.

Villagers and other fishermen recovered the body.

Kamal

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but a *shirk* (an act tantamount to demanding oneself equal to Allah).

"I don't know what do they think about themselves and what makes them so indiscriminate in commenting on other people?" the eminent jurist said declining to elaborate on the issue. "We will hold a press conference on this."

The leaders of International Khatme Nabuwat Bangladesh at a public rally declared Dr Kamal Hossain a *murtad* last Friday.

Dr Kamal was one of the nine-member UN election monitoring committee that also included former US President Jimmy Carter.

Partha

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sheet, claiming that the accusation was false and fabricated.

But the prosecution lawyers argued that the charges were primarily proved, and appealed to the court for indicting him.

The email sent to the Prothom Alo on August 23 from hikmatulzihad@yahoo.com claimed responsibility for the August 21 carnage on an Awami League (AL) rally that left 23 people killed and over 200 injured.

It also threatened to kill Hasina in a more planned way within seven days.

Gas field fire

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two villages adjacent to the gas field would be made within the next week, said an official. Earlier on Wednesday 446 families had been listed to receive the compensation. Each of the families will get Tk 5,000 as committed by the Niko officials.

2nd Test

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Although champion left-arm spinner Mohammad Rafique and his young partner in crime Enamul Haque, the hero on the final day at Chittagong Test with five wickets, hardly got any assistance from the pitch in the port city, curators this time predicted that the wicket at the BNS will be tailor-made for slow bowlers.

The wicket is not likely to be a bouncy and sporting-for-all as it was against India a month ago and winning the toss could be vital. And Bangladesh captain Bashar, who missed a century in the first innings at Chittagong for just six runs, will be eager to win the toss for a second time and come out with his trusty willow.

Zimbabwe's batting looked okay in the first Test but they will once again desperately miss a quality spinner as they attempt to level the series.

The tourists, playing their first Test series after a seven-month lay off, will be bolstered by the return of experienced batsman Dion Ebrahim and paceman Timashe Panyangara.

Ebrahim will come out of a one-Test suspension that he served during the first Test while injured Panyangara, the quickest among the Zimbabwean bowlers, has recovered from injury.

Ban on tobacco ads

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of three months imprisonment or a fine of Tk 1,000 or both for violation of the law.

The bill titled 'Smoking and Tobacco Usage (control) Act 2005' also proposes a ban on smoking in public places and transports with a provision of penalty.

If anyone violates the provision, he or she will be fined Tk 50, the bill proposes.

Considering the health hazards caused by tobacco, the World Health Organisation (WHO) and other international organisations are sponsoring antismoking campaigns.

According to a WHO study, tobacco-related illnesses in Bangladesh cost Tk 66.9 billion a year, including Tk 27.4 billion spent on smoking.

On the other hand, economic benefits from the tobacco sector stand at Tk 24.8 billion, including Tk 20.3 billion in tax collected on the domestic consumption and Tk 4.5 billion earned as wages in tobacco production, says the study report released yesterday.

The government has moved to enact the antismoking law as a signatory to the Framework Convention on Tobacco Control (FCTC). Bangladesh signed it on June 16, 2003.

"It will be possible to check uncontrolled smoking and production of tobacco through enacting the law," Health and Family Welfare

Minister Khandakar Mosharraf Hossain said in a statement on the bill for the 15th session of parliament beginning January 31.

"It will also contribute to the safety of public health," the minister said.

The five existing laws -- The Juvenile Smoking Act 1919, The Prohibition of Smoking in Show Houses Act 1952, The Railway Act 1890, The Dhaka Metropolitan Police Ordinance 1976 and The Chittagong Metropolitan Police Ordinance 1978, are not sufficient to prohibit smoking, said the health minister.

Once the law is enacted, smoking will be prohibited in public places like educational institutions, government, semi-government and autonomous body offices, libraries, hospitals and clinics, court, airports, seaports, river ports, railway stations, bus terminals, ferries, cinemas, theatre halls and children's parks.

Bus, train, launch, airplane and all other modes of transport to be defined by the government are where smoking is prohibited.

The bill however proposes that the authorities or caretaker of any public places or transport can make special arrangements for smokers.

Considering the adverse effect of the law on the tobacco farmers, the bill proposes the government to provide soft-loans to them to switch to other crops in the next five years.

AL moves to defuse

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has not been eliminated even three years into the party's assuming the opposition role," he said.

A number of AL leaders believe all previous movements of the party against the present government, even protests after the August 21 attacks last year, failed to pick pace because of a poor organisational co-ordination and lack of enthusiasm among grassroots-level leaders and activists.

Party insiders said although a number of district councils have been completed, only a few districts have full-fledged committees. After the 2002 national council of the AL, it has so far completed councils of only 35 district units out of 71.

In most districts, the councils only elected the president and general secretary and names of other office bearers were not declared mainly due to internal feud. Situation in the cases of upazila units is similar although fresh committees of most of the 450 upazila units have been formed.

"We have not received adequate response to the anti-government movement until now while the next general election is not far away. We feel it is urgent to take steps about the election," said another AL leader, requesting anonymity.

Yesterday's meeting decided to begin members collection programme across the country.

"We have targeted to recruit about 50 lakh fresh members by the end of this month," said AL Joint Secretary Obaidul Quader. He said central leaders of the party will co-ordinate the programme in their respective areas.

Meanwhile, the AL chief may reschedule her US trip, which is slated for a January 17 start for better treatment of her ear injuries. "She (Hasina) will visit the US in early February instead of this month and until then she will see to the party's reorganising process," said another leader.

TSUNAMI RELIEF US aircraft starts dispatching biscuits from Bangladesh

STAFF CORRESPONDENT

A US cargo aircraft yesterday started dispatching 700 tonnes Bangladesh-made high-nutrition biscuits to the tsunami-devastated areas in Sri Lanka and Indonesia under the World Food Programme (WFP) relief efforts.

Four hundred tonnes of the Tk 16 lakh-biscuit will be airlifted to Banda Aceh in Indonesia and the rest to Sri Lanka tomorrow.

Bangladesh was chosen as the source of the biscuits as it has the largest school feeding programme in the world, Douglas Casson Coutts, WFP representative in Bangladesh, told reporters at Zia International Airport.

Coutts said Bangladesh is also best capable of producing such a quantity of biscuits in emergency situations.

Deputy Chief of the US Mission in Bangladesh Judy Chammas was present to oversee the first flight by an advance US crew of C-130 aircraft that arrived here yesterday morning.

The biscuits are primarily utilised in the WFP's Nutrition for Education (school feeding) programme and current flood recovery operations.

"The stock will be quickly replenished from donor contributions to our tsunami appeal without causing any disruption to the WFP programmes in Bangladesh," said Coutts.

Bangladesh has already dispatched two Bell helicopters, two offshore patrol vessels, two C-130 cargo aircraft and 157 military personnel to Sri Lanka and the Maldives for carrying out relief operations.

Strike halts Benapole port again

STAFF CORRESPONDENT, Khulna

Export-import trade between Bangladesh and India through Benapole land port came to a halt again due to an indefinite strike enforced by the Indian truckers on Wednesday.

Indian Truck Workers' Union began the strike protesting the assault on one of their leaders by the Border Security Force (BSF) at Bongaon on the day.

Over one thousand trucks laden with goods remained stranded on both sides of the border. Transport workers brought out a procession and later held a rally at Bongaon yesterday demanding exemplary punishment to the BSF men responsible for the incident.

Meanwhile, Bangladesh government incurred a revenue loss of Tk 35 crore due to a seven-day strike called by five trade organisations at Benapole port from January 1 in protest against abnormal rise in service charges.

US bill

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Act (LDEED), a leader of Bangladesh Garment Manufacturers' and Exporters' Association (BGMEA) told The Daily Star yesterday.

He said BGMEA President Annisul Huq yesterday met Commerce Minister Aftab Hossain Chowdhury and apprised him of the bill.

If it is passed, the LDCs may enjoy a 16 percent duty reduction on an average on their exports to the United States.

The BGMEA leader said, "For us, it would mean an export growth several times more than the present one."

Presently Bangladesh apparel exporters to the US have to pay tariffs ranging from seven to 40 percent. Of the total 49 LDCs, at present 33 enjoy duty-free access to the US and the rest do not.

Apart from Bangladesh, the countries in the LDEED group are Afghanistan, Bhutan, Cambodia, Kiribati, Laos, Maldives, Nepal, Samoa, Solomon Islands, East Timor, Tuvalu, Vanuatu and Yemen. Of these countries, only Bangladesh, Cambodia, Laos and Nepal have an apparel-manufacturing base.

A BGMEA delegation visited the US on September 20 to 24 last year seeking support from the US administration, senators and congressmen for legislation providing duty-free access for all LDC products.

In their meetings with the US policymakers, the BGMEA team explained how very tough it would be for Bangladesh and the other LDCs to survive without a duty-free access to the US market, competing with giants like China and India in the quota-free regime.

BGMEA sources said there is a huge cost involvement in the move for the legislation and there is no guarantee the bill will be passed.

"We've already met the representatives of East Timor and Cambodia, who have agreed to support the move. Laos is also positive in this regard," a BGMEA leader said.

It was learnt that Sri Lanka and Indonesia have been included in the bill considering the recent tsunami devastation in those countries. But the inclusion may slow down the process, which is a complicated one, BGMEA leaders said.

5,000 on-trial graft cases

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the former Bac staffs as the government's reserved employees.

Bac staff earlier filed the cases, investigated those, pressed charges and were testifying and producing evidence before court. But they stopped working on the cases after the dispute over their status surfaced. Many former Bac staff are going to the ACC office in Agargaon but are not working, leading to a stalemate over the 548 corruption cases now on trial with the Court of Chief Metropolitan Magistrate, Special Court for Dhaka Division and the Court of Metropolitan Sessions Judge, Dhaka.

Trial of one or more cases is scheduled every day for hearing but there is no-one to produce necessary evidence and testify. The Bac office attached to the CMM's Court in Dhaka is complaining to the ACC that no-one is turning up in court and giving statements. The ACC verbally ordered them to attend court proceedings after some former Bac officials responsible for these informed the commission about the matter. But the Bac officials are not complying with the verbal orders.

"We have asked for written orders," said one Bac official. But the commission is not issuing any written orders on them, as they are not commission staff.

Some former Bac officials told The Daily Star that they cannot appear in court after the government ordered them not to work. Some others who were to attend courts outside Dhaka are also not doing so either, as they are not getting any tour orders from the ACC.

On January 9, the ACC decided to temporarily attach district anticorruption officers of Bac to the ACC to preserve the case-related documents and conduct the cases. But the next day the law ministry wrote to the ACC to say that the interpretation of the attorney general on the status of ex-Bac staffs is incorrect, prompting the ACC to go back on the move.

ACC sources fear court may take one-sided decisions due to the absence of the complainant and bits of evidence not being produced.

In the wake of the complexities, the ACC is considering taking the matter up immediately with the government.

Although the commission has drafted a letter to seek government directives to settle the matter, it will sit again in a couple of days before sending the letter to the cabinet secretary.

ACC PROBE
Nine of the 13 ministries the commission asked on January 1 for statements on the whereabouts of government vehicles have responded.

The move came after the ACC learnt that the vehicles were being used for personal business although those were to be sent back to central transport pool of the government on completion of government projects.

"We primarily found some replies as unacceptable," ACC Commissioner Maniruddin Ahmed told The Daily Star.

ACC Chairman Justice Sultan said, "Some of the ministries informed us that the vehicles are now being used for government work. We'll verify it soon."

"We'll initiate legal steps if we find any corruption," he said. After the ACC sent the letters, the planning ministry on January 3 informed it that only 133 of 4,230 vehicles under different projects of 35 ministries were returned to government transport pool on project completion.

The ACC later decided to write to 22 more ministries for statements about the vehicles. "We've drafted the letters and will send those to the ministries on Saturday (tomorrow)," the ACC chairman said.

Former Bac director (Administration) Lt Col Hannan Mridha is still involved with processing the letters despite the government prohibition on former Bac staff.

He was heading the inquiry into corruption in the use of government vehicles and had signed letters to 13 secretaries of different ministries.

The commission, meanwhile, initiated inquiry into eight allegations of corruption including the BTB mobile phone project, financial corruption in payment of rice depot charge at Mongla port by the shipping ministry, corruption by a forest conservator and irregularities in buying railway steel sleepers.

The ACC received a complaint that the government will lose Tk 223 crore to forgery in the deed of BTB mobile phone project. An inquiry team has been formed to probe the matter.

The shipping ministry moved to release 7,000 metric tons-rice imported from India in 1999 and kept at a depot at Mongla port by paying Tk 14 lakh in charges instead of Tk 7 crore due.

RABBI WITHDRAWN
The establishment ministry in an official notification yesterday said Reza-e-Rabbi has been withdrawn and placed in the Cabinet Division.

The commission refused to allow Rabbi, a former acting secretary, to join the commission.

Bashir Uddin Zindigir, a Supreme Court advocate, filed a writ petition with the High Court challenging Rabbi's appointment and the court on January 2 stayed his appointment.

Cabinet Secretary Sadaat Hossain during his meeting with the commission on January 8 had said that the government would withdraw Rabbi.

PM seeks people's help for re-election

BSS, Mirsharai

Prime Minister Khaleda Zia yesterday sought people's support for the victory of the BNP-led alliance in the next general elections to take the country to a new height of prosperity in another five years.

"Continuity of the present government for a second term is necessary to sustain peace and development," she said while addressing a public meeting at Mirsharai stadium in Chittagong.

The prime minister urged the people to remain vigilant against the opposition, saying a particular party is out to disturb the prevailing peace in the country to undermine the government's successes.

"People all over the country are now living in peace. This condition must be maintained as we believe in peace, not in terrorism," she said, indicating the improvement in the law and order situation following some government measures, particularly the formation of the Rapid Action Battalion (Rab).

Khaleda, also chairperson of the ruling BNP, said the government's success in establishing peace in the country and carrying out the development programmes have made the main opposition party anxious about its future in the next polls.

Therefore, that party is resorting to destructive activities in the name of hartal and human chain without any reasons or issues, she added.

The BNP-led coalition government has been successful in all those fields where the past Awami League government failed miserably, the prime minister said, adding: "So the people have realised that there is no alternative to BNP for upholding the democratic process."

Referring to her government's performance in the economic, education, poverty reduction, health and all other sectors, she said the face of the country will change if the BNP-led alliance continues in office.

"Otherwise, all development activities will stop," she said, referring to the situation during the past Awami League Government.

Chaired by local MP MA Innah, the meeting was also addressed, among others, by BNP Joint Secretary and Prime Minister's Political Secretary Harris Chowdhury, State Minister for Housing and Public Works Alamgir Kabir, State Minister for Environment and Forest Zafrul Islam Chowdhury, Jatiya Sangsad Whip Syed Wahidul Alam, Amir Khasru Mahmud Chowdhury MP and Dastagir Chowdhury.

4 die in 'crossfire'

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general hospital for autopsies.