

## Caretaker govt

**FROM PAGE 1**  
**Zaid Bakht (ZB):** In order of risk assessment, I would list them as follows: (1) energy crisis, (2) inflationary trend, (3) exchange rate volatility, (4) possible further rise in international oil price, (5) widening budget deficit, (6) fiscal profligacy in an election year, and (7) crisis precipitation on the political front.

The demand-supply gap with regard to electricity has reached quite an acute state, and clearly there is no immediate relief in sight. Factors that contributed to inflationary trend and exchange rate depreciation are also likely to persist in the medium term. This being an election year, fiscal restraint can be least expected, which will worsen the budget deficit and government borrowing situation. If the political parties fail to agree on the modalities of next election that will be the worst-case scenario for the economy.

**DS:** There appear to be a number of bad indicators in the economy. Why does the economy take such a bad turn in the final year of every government?

**ZB:** The thrust of economic policy in the terminal year of any regime shifts from macro-management to micro-management. Political imperatives of the election year cause macro perspective to take a back seat. As a result, policies are often pursued at cross-purposes, and responses to external shocks are formulated on an ad hoc basis.

For macroeconomic stability, it is important to pursue coherent fiscal, monetary, and exchange rate policies. But, as we can see now, while the government is continuing with contractionary monetary policy, its borrowing from the Bangladesh Bank has increased sharply. The net claims of Bangladesh Bank on the government increased by Tk 2,986.60 crore during July-February 2005-06, indicating nearly 19 per cent growth over the outstanding claim of the Bank at the end of June 2005.

Because of this, reserve money increased by 16.5 per cent during July-February 2005-06 while the growth in reserve money during the same period in 2004-05 was only 6.16 per cent. Thus, increased deficit financing by the government through borrowing from the Bangladesh Bank has largely negated the purpose of contractionary monetary policy along with the typical outcome of crowding out private investment.

**DS:** What is the way out of the economic problems prevailing in the country?

**ZB:** There has been a lot of talk in different forums about the way out of the prevailing economic problems and it would be difficult to mention all of them here. However, these problems can be grouped under three broad categories: (1) policy-induced, (2) governance problems, and (3) structural problems.

Policy-induced problems can be corrected through short-term measures. Governance problems will have to be resolved in the medium term, while long-term measures will be required to address the structural problems. Actions, however, need to proceed simultaneously on all the three fronts.

On the policy front, intensifying revenue efforts, controlling the size and quality of public expenditure, expediting the privatisation process, and carrying forward financial sector reforms to boost the loan recovery drive and reduce the incidence of NPL [non-performing loan] of the NCBs [nationalised commercial banks] should feature high on the agenda.

Making the Anti-Corruption Commission work and moving towards properly decentralised and empowered local governments are the major governance challenges. With regard to structural bottlenecks, the highest priority should go to the energy sector and the development of Chittagong Port.

**DS:** What economic challenges may be the coming caretaker government face?

**ZB:** The immediate problem the caretaker government is likely to face is an over-ambitious budget for 2006-07 and excessive release of fund against that budget in the first quarter. This will put the caretaker government under fiscal strains. This along with the inflationary fallout of election-oriented activities, possible capital flight and resulting pressure on the exchange rate may threaten the macroeconomic stability and render the caretaker government more vulnerable to the dictates of the IMF, particularly given the fact that the disbursement of the next tranche of PRGF will fall due at that time.

**DS:** You are aware that Bangladesh economy is run as per the IMF prescriptions. How much result do you think the IMF-prescribed policies have yielded so far?

**ZB:** The Bangladesh Bank has followed a contractionary monetary policy in accordance with the prescription of the IMF for containing inflation and arresting the downside of the exchange rate. This yielded very little result. There was some respite in the inflationary situation at the cost of reduced private investment.

On the other hand, the measure could not prevent further depreciation of the exchange rate, although the current account situation improved significantly with lower growth in imports and higher growth in exports and remittances. The exchange rate depreciation also caused inflation to bounce back. The IMF restriction regarding non-intervention in the foreign exchange market and non-use of LC [letter of credit] margin for

selective import control measure also did not help stabilise the foreign exchange market.

**DS:** How are fuel prices influencing the economy and how can this problem be addressed?

**ZB:** Fuel price has a direct impact on the state of the economy. A high price of kerosene worsens the poverty situation, as kerosene is mainly used by the low-income people for lighting and cooking purposes. A high price of diesel affects irrigation cost and the costs of river and road transportation. Farmers are affected by high irrigation cost, while low-income people who mostly depend on diesel-based modes of transportation incur higher transportation cost. Higher cost of transporting goods by diesel-operated trucks affects all production activities, as it raises the cost of input procurement and marketing of output. This gets immediately reflected in higher food prices and passes through to non-food prices with a time lag affecting the core inflation.

Given the critical link of kerosene and diesel price with the state of the economy, a further rise in the domestic prices of these two items will threaten the macroeconomic stability in this election year by worsening both inflationary and exchange-rate situation.

A recent estimate of the Asian Development Bank suggests that the current domestic fuel price, Bangladesh Petroleum Corporation (BPC) will be subsidising fuel users during the current fiscal year to the tune of \$520 million or Tk 3,443.44 crore. According to the current tariff structure, BPC pays nearly 36 per cent as duties and taxes on the tariff value of its import of kerosene and diesel. Since the total import bill (excluding duties and taxes) of kerosene and diesel this year is likely to exceed Tk 10,000 crore, the revenue collected by the government against this import can easily relieve the BPC of the burden of this huge subsidy.

Obviously, this will mean making drastic reallocation of budgetary resources. But, as the Report of the Public Expenditure Review Commission has shown, the ADP [Annual Development Programme] is often burdened with low-quality projects, particularly in the road sector. A large number of road projects are often taken up on political considerations, resulting in very thin distribution of resources over many road projects and consequent slow rate of project implementation. In 2005-06, 138 of the 183 ADP projects in the transport sector were road projects. Because of such a large number of road projects, resource allocation to them has been such that, at the current rate of implementation, some 20 per cent of the projects will require more than 10 years to complete, while 10 per cent others over 20 years.

To tackle the fiscal strain arising out of oil price rise the government should, therefore, eliminate all import tariffs on kerosene and diesel, and reallocate budgetary resources to cover the gap between international and domestic prices of kerosene and diesel. While the prices of petrol and octane can be readily adjusted upward, such upward adjustment in kerosene and diesel prices should be done gradually and only after inflationary trend has been contained effectively.

**DS:** Are the prevailing economic problems result of external situations like high oil prices or of internal mismanagement?

**ZB:** Energy crisis is the outcome of poor economic planning while the external shocks in the form of rising oil and food prices in the international market have been the main sources of inflationary trend and exchange rate depreciation. However, our policy responses to address these external shocks were constrained by IMF conditionalities and so far they have yielded very poor results. The government has also failed to demonstrate enough fiscal prudence to deal with the situation.

**DS:** You are aware of the terrible power situation in the country. Bank lending rate is also on the rise. How do you see these factors affecting the country's industrial growth?

**ZB:** The contractionary monetary policy is already having its toll on private investment through higher interest rate and reduced credit to the private sector. Import of capital machinery, raw materials, and intermediate goods, which experienced very high growth last year, has already taken a nose-dive. The power crisis has simply worsened the situation and is likely to further arrest the growth tempo in the industrial sector.

**SC hears**  
**FROM PAGE 16**  
 opposition politicians go on complaining that many eligible adults were left out, although the list contains nearly 22 percent rise in the number of voters.  
 Awami League General Secretary Abdul Jalil MP and three of his party lawmakers had filed the writ petitions as Public Interest Litigation.

## Kamal, B Chy

**FROM PAGE 16**  
 Referring to the bomb attacks by Islamists militants, Dr Kamal said the defeated force of 1971 is still conspiring against the country. He urged all to remain alert against their ill motives.

Alleging violation of the constitution by the government in every step, he said: "They claim themselves as democratic, but they have no respect either for the constitution or for the people."

Former president and BDB chief B Chowdhury asked the alliance government to seek apology to the people for its failure in fulfilling election pledges.

B Chowdhury said the government "killed" people at Kansat and "tortured" demonstrators at Shanir Akhra for demanding water and electricity. "Since they have failed to meet the needs of the people, they have no right to stay in power."

He urged people to give verdict against the four-party alliance in the next general elections.

## Human chain

**FROM PAGE 1**  
 On May 17 if the situation did not improve.

They also denounced the presence of a large number of plain-clothes police during the programme.

The committee Chairman Khorshed Alam Sujon, Member Secretary Shahrier Khaled, City Unit Awami League Vice-president Nurul Islam, Jabul Hossain also spoke.

## Polling stations

**FROM PAGE 1**  
 Secretariat said.

Considering the rise in the number of polling personnel as well as of polling stations, the EC has already started training programmes for the election officers who, in turns will train up the polling personnel ahead of the election.

The senior official further said, "It is a very tough job to set up new polling stations as local political leaders try to persuade the election officials to set up polling centres in their localities and raise objections if their demand is not met."

"But we have to resolve all objections before finalising the names of the centres," he added.

In the last parliamentary election, 29,978 polling stations were set up for 7,49,46,364 voters while 25,952 polling stations were there for 5,67,16,935 voters in 1996.

In 2001 parliamentary election, a total of 4,77, 842 officials, including returning officers, assistant returning officers, presiding officers, assistant presiding officers, polling officers had been engaged while the number of polling personnel was 3,70, 204 in 1996 election.

## Slim talk

**FROM PAGE 1**  
 holds street programmes across the country on May 15 protesting what they dubbed "the AL's anarchy on the street" as the party leadership has changed its view—after the Kansat and Shanir Akhra incidents—to face any agitation politically on the street.

After a series of programmes marking the death anniversary of late president Ziaur Rahman, the BNP will announce more street agitation programmes to counter the opposition.

The BNP high command has already issued letters directing its upazila and ward unit leaders to conduct processions and rallies regularly.

Sources said eight BNP lawmakers from Dhaka have been asked to monitor power, gas and electricity crises in their constituencies and solve any problem tactfully, "not like Demra or Kansat". City Mayor and city BNP President Sadek Hossain Khoka will also keep an eye on the situation.

On negotiating the dialogue issue with the AL, sources said the BNP will reply to the main opposition after holding a meeting with the prime minister and senior leaders of the ruling alliance soon.

## Ashrayan project

**FROM PAGE 1**  
 Gangachara upazila admitted the anomalies in the list and said his council would verify the list and correct it.

Again locals of Nohali, Alam Biditor, Lakhmitari of Gangachara upazila pointed to the same anomaly. Abdul Majid, a grocer of Bagdohora, told The Daily Star most of the families of Purbo Kouchua and Bagdohora in Nohali union have migrated to different areas as the Teesta eroded their homestead. He said many of those migrated families were also included in the list.

Abdur Rouf Mandal of Char Binbinia questioned the numbers of voters that now stands at 5800 against 3200 of 2001 when three quarters of North Kolkond population had moved elsewhere.

Leaders of the Hindus of Rangpur Banomali Paul and Ajoy Kumar Babon said a huge number of Hindus were dropped from the list. Babon said it was a conspiracy against their community.

People of different areas in the district said that they have not seen the draft voter list at their union council offices as copies of the list are yet to reach there.

## Jalil warns govt

**FROM PAGE 16**  
 Rather, it has patronised militants and kept war criminals and fundamentalist forces to the fore, pushing the country into uncertainty," he alleged.

He said the countrymen should be given a chance to elect a party of their choice through a free and fair election in order to solve the prevailing crises.

Jalil, also the coordinator of the 14-party opposition line-up, said Leader of the Opposition Sheikh Hasina placed reform proposals in the House, urging the government to create an environment for discussion so that a free and fair election could be held.

"Though we have made it clear that we would not sit with any war criminals, fundamentalist forces and patrons of militants, the government sits on the reform proposals by being adamant about including these components in the committee for the proposed dialogue," he said.

The AL leader hoped that the BNP would turn away from its rigid stance on inclusion of controversial persons in the dialogue panel for the sake of democracy and

national interest, paving the way for the much-awaited reform dialogue between the AL and BNP.

Asked about the possibility of a dialogue between BNP Secretary General Abdul Mannan Bhuiyan and him, the bespectacled politician said they would discuss it at the party forum for a decision.

Terminating the draft voter list fake, Jalil said neither the opposition leader nor he has been included in the electoral roll. "No election could be held under this 'fake' voter list."

Elimination of corruption and development of democracy and economy would top the pledges in AL's election manifesto, he said.

The AL leader also promised that his party would not nominate any black money holders to run in the upcoming election. He urged the media to play an important role so that no political parties could nominate black money holders and criminals for the election race.

On movement by the civil society for nomination of honest candidates in polls, Jalil only said it should take realistic measures and join the people in solving national crises.

## Political parties

**FROM PAGE 1**  
 The dialogue stressed revival of the spirit of Liberation War, the constitution adopted in 1972 and ban on communal politics.

Absence of any comprehensive plan for overall development of the country even after 35 years of independence was pointed out at the dialogue.

Dr Debapriya Bhattacharya, executive director of the CPD, conducted the discussion while prominent educationist Sharif Hossain was in the chair.

Sheikh Hasan Imam, convener of Jessore Nagorik Committee, Dr Kazi Robiul Haque, cultural activist, and Angela Gomez of Banchte Shekha were special guests.

Former finance minister M Syeduzzaman, Editor of The Daily Star Mahfuz Anam and Shykh Siraj of Channel I were guest speakers.

The first national dialogue on the topic was held in Dhaka on March 20 and the first regional dialogue in Mymensingh on April 29. The next regional dialogue is scheduled to be held in Comilla on Saturday, to be followed by one in Barisal.

Hasan Imam said lawmakers should not be involved in local development activities as those should be done by local governments. Members of parliament will only make laws, he felt.

Sharif Hossain demanded effective steps to combat corruption and plunder of public money by unscrupulous people.

He also suggested holding such dialogues at grassroots level, and involvement of younger generation in development activities.

Kazi Robiul Haque said democracy should be established at every stage of the society and it is urgent to have democracy within the political parties. Politicians will have to materialise the dreams of the civil society.

Syeduzzaman said the people should be aware of their rights and political parties should try for economic development of the country.

"Good governance and corruption cannot go together," he observed.

Explaining the main objective of such dialogue, Debapriya Bhattacharya said the people should know the background of the candidates as they will get the opportunity of handling more than

Tk 60,000 crore annually.

Political parties should be registered for bringing transparency in their activities, he stressed.

Although the civil society is not a part of state mechanism, they have the right to speak out against corruption and mismanagement of the government with the power given in the country's constitution, he said.

The main objective of the present initiative is to make the people more conscious of their voting right, said Mahfuz Anam.

"It is high time to tell politicians about the aspirations of the people and we want to reflect their opinion through a Vision Paper for the country being prepared by the Nagorik Committee."

Although the Election Commission fixed polls expenditure at Tk five lakh, cores of taka are spent by candidates during election. There is a tendency to get back this money after they are elected, he said.

Criticising the election tribunal, Anam said that after the filing of a complaint, sometimes the next election comes before it is resolved. He also stressed transparency in the activities of returning officers.

Shykh Siraj demanded more involvement of farmers in development activities.

Around 100 speakers participated in the five-hour discussion held at the district council auditorium.

The local elite participating in the discussion included M R Khairul Umam, S M Kamruzzaman, Prof Afsar Ali, Chowdhury Shahidul Islam Nayan, Kazi Munirul Huda, Shahidul Islam Milon, Robiul Alam, Advocate Monjurul Haque, Fakir Shawkat, Ekram-ud-Dowla, Harun or Rashid, Advocate Enamul Haque, Amirul Alam Khan, Habiba Shefa, Elahi Dad Khan, Prof Nargis Begum, Masuma Begum, Kazi Abdus Shahid Lal, Shuraya Sharif, Fazlul Haque, Mostafa Anwar Pasha, Simul Azad, Gulnahr Begum, Dr Sanjoy Pathak, Panna Lal Dey, Shah Hadiuzzaman, Zahid Hasan Tokon, Binoy Krishna Malik and Fakhre Alam.

## Latifur yet to vacate

**FROM PAGE 1**  
 him a 'distinguished citizen'.

But, the housing and works ministry officials said as per the rules the prime minister and the ministers may stay at their official residences for a maximum of three months after their terms end.

"He (Justice Latifur Rahman) shouldn't enjoy the facilities even after the government permission," former adviser to the same caretaker government, M Hafizuddin Khan, told The Daily Star. He said it is not lawful to give such permissions.

Asked about the matter, one colleague of Latifur Rahman in the last caretaker government, preferring not to be named, expressed utter surprise and said whatever the rules are Justice Latifur Rahman should leave the house on ethical grounds.

Another former adviser to a caretaker government, however, said on condition of anonymity, "Justice Rahman might have been residing in the government house for security reasons since Awami League has been irked by its defeat in the last election and its activists are angry with him."

Latifur Rahman resided in the state guesthouse Jamuna while he headed the interim govern-

ment from July to October 2001, housing and public works ministry officials told The Daily Star.

"As the interim government's tenure ended, Justice Latifur Rahman was shifted to another government residence on Minto Road by the new government in 2001," said an official of the ministry.

On Monday night, Justice Latifur Rahman told The Daily Star that he is planning to leave the house. "I will leave the house," he said smiling, but he did not respond when asked about a possible time.

Talking on the matter, former minister for housing and public works Mohammad Nasim said, "It's absolutely a violation of the rules."

"Its nothing, but a reward. BNP provided him with the house and other facilities illegally because the former chief adviser favoured them in the last parliamentary election," Nasim, a frontline Awami League leader alleged.

About the rules about staying in government residences after tenure ends, the former minister said the prime minister and ministers may stay in their official residences for a maximum of 6 months to one year after their terms end.

## Dhaka firm

**FROM PAGE 1**  
 Defence Ministry, described press reports on hydrocarbon exploration by India and Myanmar within Bangladesh's exclusive economic zone as a "national concern".

"The government, we hope, will come out with a transparent reply about the matter," he said.

Rahman, the former army chief, said he held a parliamentary standing committee meeting on the maritime boundary issue a few months ago where representatives from the foreign and the energy ministries were present.

He said Bangladesh signed a UN convention in 2001 and the Bangladesh government would have to submit all documents and papers with her claim to the United Nations by 2011. "But I think time for Bangladesh's claim is running out," he said.

Opposition Awami League's lawmaker Col (Retd) Farooq Khan said some 200 nautical miles in the sea from the coast are recognised as Bangladesh's exclusive economic zone, and it will be a violation if any one enters the territorial waters. "We hope the government will give a detailed explanation."

Former navy chief rear admiral (retd) Abu Taher said under the rule of Bangabandhu government, Bangladesh had declared its maritime and economic zone in 1973. And "Bangabandhu did the correct thing."

He noted that Bangladesh claims the zone as its maritime boundary but other neighbouring countries also claim it to be their territory. "It must be settled through mutual understanding, without making claim and counter-claim," he retired navy chief said.

Former foreign secretary Faruque Chowdhury echoed the views, saying that Bangladesh has already declared its maritime boundary and it will be a violation if some one trespassed into it. "I don't know if there has been any violation," he said.

An earlier UNB report said Bangladesh appeared to have lost its right to explore hydrocarbon in its legitimate territory in deep-sea area as neighbouring India and Myanmar were conducting seismic surveys in thesea.

According to official sources, India has overlapped 19,000 sqkm while Myanmar about 18,000 sqkm of Bangladesh territory in the Bay of Bengal.

But Bangladesh, said the sources, has yet not raised any official objection to the survey activities by the two neighbours.

## 30 hurt

**FROM PAGE 16**  
 erupted between police and Jubo League and Chhatra League in the afternoon at Barogola area in the town.

Sources said Jubo League called for a protest rally yesterday to protest Thursday's police attack on its procession marching towards Bogra Police Station.

As Jubo League called for the rally on Temple road near Sathmatha in the city, Jubo Dal, ruling BNP's youth front, also called a rally on the same spot for what they said was to protest the Jubo League's attack on police and vandalising of vehicles.

Jubo League could not hold their scheduled rally on Temple road yesterday as police encircled the AL office where they were to gather. Following this incident, Jubo League activists began to gather on Comation High School ground. Police then proceeded to Comation High School to stop them, sources said.

Hundreds of Jubo League and Chhatra League activists confronted police at Golabari area leading to a violent clash that spread to Katnar Para and Tin Patti.

Police dispersed them with truncheons and by firing at least 18 rubber bullets. They also lobbed around 12 teargas shells.

Witnesses claim Officer-in-charge (OC) of Bogra Police Station Mansur Mandal shot twice from his revolver.

Agitating Jubo League and Chhatra League men hurled brickbats and vandalised five cars.

## Mega water project

**FROM PAGE 16**  
 representative for the project Albarto visited Bangladesh last month, and along with the Italian envoy held discussions with the authorities here and submitted a draft financial agreement.

The draft proposed zero interest on the offered loan for the project and repayment period of 38 years, which was to start after a grace period of 18 years, sources said.

But the agreements are yet to be signed due to sheer negligence of the External Resources Division (ERD), alleged sources.

"We have sent several letters to ERD on the matter in the last five months" said Chittagong Wasa Chairman Moksumul Hakim.

"If the agreements are not signed before expiry of the PG and the contractor is reluctant to work at the price offered several years back, we may have to start the tender process and other related matters afresh," he said.

In that case implementation of the project might be delayed by several years, and the acute water crisis in the port city would continue, he added.

Project Director Abul Quasem said after the expiry of the PG, it won't be possible to encash the PG money that amounts to over 10 crore to hold back the selected contractor of the project.

Meanwhile, implementation of another project -- Mohara Water Supply Project with a production capacity of 90 MLD is likely to start soon.

## Army deployed

**FROM PAGE 1**  
 yesterday afternoon.

Before the procession started, over 1,000 policemen took position at the eastern and western ends of the New Eskaton Road and along the lanes leading to it.

The shopkeepers in the area pulled shutters down fearing violence.

When some 200 AL workers led by Ramna AL President Abul Bashar brought out the procession from Bangla Motor at 5:00pm, the policemen formed a chain around them and marched up to Maghbazar crossing. The procession ended returning to Bangla Motor.

Traffic movement remained suspended on the road until 5:30pm.

Local AL leader Fazlul Haq told The Daily Star that many people did not join the procession fearing arrest and police action.

Police also put up roadblocks in Agargaon, Sheorapara and Kazipara areas as the 14-party opposition alliance announced to hold a rally near Mirpur-10 intersection demanding proper utility services.

Prior to the rally, local 14-party leaders and workers and other people brought out processions from different areas and gathered at Mirpur-10 intersection at 4:00pm, chanting anti-government slogans.

The rally was addressed by Dhaka city AL General Secretary Mofazzal Hossain Chowdhury

Maya and AL Presidium Member Matia Chowdhury, among others.

The opposition leaders asked people to launch a countrywide oust-government movement to bring an end to their unbearable sufferings.

Homebound people were seen walking long ways as the police kept the area off-limits to vehicles until the end of the rally.

Meanwhile, the 14-party leaders asked people to hold peaceful sit-in programmes on the roads from Lalbagh intersection to Central Road, Mitford to Lalbagh Shahi Masjid, Water Works Road to Urdu Road from 2:30pm today.

Dhaka Wasa yesterday said its water lifting has increased by five crore litres a day from 158 crore litres. It set up four new deep tube-wells in the crisis-prone areas last week, a Dhaka Wasa press release said, adding that the authorities are monitoring the situation and working round the clock to solve the crisis.

The Dhaka Wasa is presently supplying water with 430 deep tube-wells and four water purification pumps while four more deep tube-wells will be replaced soon, the release said.

The Dhaka Wasa Board sat yesterday in a special meeting to buy 40 gas-run mobile generators, it said.

## Stamford, Darul Ihsan

**FROM PAGE 1**  
 police escort at about 3:30pm, when the angry students threw even sandals and shoes at him.

As the students burst into violence, the teachers fled the campus fearing attack and the university authorities announced closure of all its campuses for the next three days.

At 5:00pm, a large number of police were seen guarding the campus, while three student representatives were holding a meeting with the VC inside to resolve the conflicts.

Dissatisfactions and resentments have been brewing