FOUNDER EDITOR LATE S. M. ALI

DHAKA SATURDAY MARCH 1, 2008

#### Message from ADB report Second half of the fiscal crucial for recovery

HE Asian Development Bank (ADB) in its December economic update report sees the expected GDP growth rate for 2008 at below 6 percent, half a percent lower than in the previous year. In the same breath, the ADB expresses an optimism for recovery in the second half of fiscal 2007-08. In other words, we would like to hope that the economic downturn will be reversed in the remainder of the year and that the GDP growth rate will more or less be comparable with that of the recent years. But this will take a lot of doing.

The back-pulling factors for the economy in the earlier quarters had been the erosion of business confidence, extensive flooding and cyclonic damages and sluggish external demands for garments. These negatives are being somewhat reversed or overcome. Signs of recovery are palpable in terms of export earning and growth in private sector credit. With the functioning of the Regulatory Reforms Commission and Better Business Forum, some deregulatory measures are expected to be put in place and clouds of uncertainty among the business and investor community are fast disappearing as the private sector policy and operationalisation inputs are weighing with the government through periodic dialogues. While this process needs to be taken forward to further boost business confidence and thereby investment in the economy, energetic efforts must be made simultaneously to restore the flood and cyclone affected infrastructure and livelihoods to their pre-disaster levels.

The government is faced with two major challenges: first containing the high inflation; and secondly, stemming the increase in fiscal deficit. A bumper Boro crop can offset the inflationary pressures brought on by the cyclone and flood induced Aman crop losses. With weather remaining favourable for the rest of the fiscal and adequate inputs ensured to the farmers, there is so reason why we could not have a good Boro harvest. But there is a caveat. Despite fertiliser subsidisation by the government the farmers are having to pay higher prices to procure it so that the distribution system has to be streamlined

The rise in subsidies in the wake of increases in oil and fertiliser prices is attributed to the fiscal imbalance but since we cannot do without subsidisation altogether, our primary focus ought to be on improvement in revenue earnings, keeping government borrowing from banking and nonbanking sources in check, increasing efficiency in public sector to curb wastage and bettering the quality of public spending through the ADP.

### Tragedy on Buriganga

River traffic management conspicuous by its absence

E are shocked at the loss of lives of passengers of an ill-fated launch when it sank in River Buriganga on Thursday. The tragic incident took place when the Munshiganj-bound launch was hit from behind by a fully loaded cargo vessel in broad daylight. The sudden impact had caught the passengers unaware, as a result of which many got trapped inside the cabins and the bottom deck. Only the lucky ones could swim to shore and safety. This is perhaps the first time that a passenger vessel sank for no fault of its own.

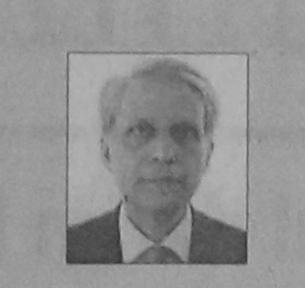
How the cargo vessel could ply so recklessly in a busy and narrowing river like Buriganga is an indictment on the river traffic management authorities. They have failed in keeping traffic movement under control, checking vessel fitness, and ensuring that the drivers were qualified enough to stand behind the wheels. We find no reason why a filled-to-the-brim cargo vessel should violate all regulations in an area where hundreds of vessels enter and leave every now and then.

It may be mentioned here that most of the 8000km long river routes of the country are unsafe for plying of passenger vessels. But, despite all the lurking hazards, about 6 crore people take the river routes for long distance travelling every year. One of the statistics says that in the last ten years, a total of about 5000 people have died in accidents taking place in rivers. And the death toll in Buriganga is 330 since 2000.

As is the usual practice, the authorities have already formed a 5-member probe committee headed by a joint secretary of the shipping ministry. We do not know how deep the probe committee will go in search of the actual guilty persons. But the sheer avoidability of the accident and the magnitude of the loss of lives should prompt them to dig deep into the tragedy. We would like the probe report to be made public and punishment meted out to the responsible.

We strongly believe it is time to take some worthwhile action. There has to be strict traffic management together with auto-reactive rescue operations in the event of an accident to save lives.

# Avian flu and the rural economy



MUHAMMAD ZAMIR

HE past year has been an unmitigated disaster for the rural economy in Bangladesh. We have seen tens of millions of people affected first by the twin floods and then by the destructive cyclone Sidr. Unfortunately, the ravages of avian influenza have now further compounded the situation.

There were various estimates towards the end of last year about the financial losses created due to the floods -- to the infrastructure, to standing crops and to housing. There were various figures, but the consensus was that it had topped Taka 3,000 crore. Another recent over the last six weeks into the remaining livestock. There were most people, particularly in (comreport in the media has highlighted that Cyclone Sidr, according to a joint mission of donor agencies, caused Taka 7.59 billion of losses to industry, commerce and tourism. Sawmills, rice mills, ice factories, brick kilns, tile factories and potteries were among the businesses badly affected by the cyclone in the rural areas of southwest Bangladesh. Details of this report have now been submitted to the Economic Relations was also very evident that hun-Division of our Ministry of Finance. It has also been noted in had taken up poultry farming as a this report that the situation source of living had been wiped caused losses to output, income out. Many spoke of having started February. The Poultry Breeders 43 districts (out of a total of 64 and employment throughout the their enterprises with funds Association of Bangladesh districts). The subsequent culling affected areas. Losses in the nonagriculture productive sector, abroad. Others mentioned that poultry industry of around Taka virus in any farm has been fol-

turn cast a shadow on employ-2.8 million people.

body blow dealt out by avian flu.

related to international relations, good governance, corruption and their inability to repay their loan or duck). This has taken place in

estimated at Taka 3.6 billion. The banks, micro-credit agencies or a loss of Taka 4,000 crore due to report also pointed out that informal cooperative agencies. this ongoing scourge of bird flu. I 122,000 non-agricultural estab- The ones that had obtained start do not know if these figures are lishments in the 12 cyclone-hit up capital from remittances completely correct. What is true districts were affected and this in received from abroad appeared to however is the enormity of the be resigned to their fate. They devastation associated with poulment opportunities of more than hoped to start again, and not in try farming, mostly located in the the too distant future. However, rural economy. We have now received the third those who had secured money from financial institutions have not had human infections I normally write about issues appeared to be very depressed. from the H5N1 virus (transmitted

It is fortunate that till today, we They spoke of a harsh future, of from an infected chicken, pigeon strategy. This week I felt that it was after the culling of their poultry, China as well as in Indonesia.

prescription endorsed by the FAO. This has decimated poultry farms in China, Thailand and Indonesia. Bangladesh.

Bengal in India is also going through a similar epidemic but one really does not know which infection came first -- there or in Bangladesh. Nevertheless, one thing is common -- it has hit hard the common man -- both in terms of accessing to a cheaper source of

that led to its failure. In this context, it would be advisable to set up a SAARC committee charged with It has now happened in the responsibility of agreeing on preventive measures that can The bordering State of West effectively deal with such situations. It might also be useful to discover cheap vaccines that can be injected to stop the spread of such bird flu. The South Asian government could approach the FAO and the other international financial institutions for resource support in this regard.

Our government in the meantime should take more pro-active steps to re-vitalize the rural economy. This might be achieved by providing bank loans on cheaper interest structure, writing-off outstanding interest on loans given to small entrepreneurs in the affected areas (due to flood, cyclone or avian flu) and resched-& uling loans. This will help to generate employment and other economic opportunities. The latent savings in the rural areas have in most cases been wiped out. They need a helping hand. Inability to provide it will hamper economic progress for the entire economy.

We have a very difficult year ahead of us. More likely than not, there will be increase in the price of fuel (including gas) and food grains. On the other hand, there will be shortage of energy and fertilizer. There will also be a slow but steady rise in the level of impatience associated with the dynamics of politics and elections. It will indeed be a hot summer. One can only hope that our present Administration will be able to effectively and meaningfully solve some of these emerging problems.

Muhammad Zamir is a former Secretary and Ambassador who can be reached at

### POST BREAKFAST

Our government should take more pro-active steps to re-vitalize the rural economy. This might be achieved by providing bank loans on cheaper interest structure, writing-off outstanding interest on loans given to small entrepreneurs in the affected areas (due to flood, cyclone or avian flu) and rescheduling loans. This will help to generate employment and other economic opportunities. The latent savings in the rural areas have in most cases been wiped out. They need a helping hand.

obligatory that I write about bird Some remarked that they would However, there has been a drastic protein and also in their effort to interior of our country. I had the opportunity to attend several meetings in different districts and wherever I went, one aspect was common -- economic depression and a growing sense of hopeless-

Discussion with the village elders revealed anxiety and frustration with the steep rise in the cost of living, particularly food grains and sources of protein. It dreds of small entrepreneurs who

flu. I am doing so because of sev- have to take their children out of change in our dietary habit. There find additional income through a eral visits that I have undertaken school and also sell off their has been a clear decision among relatively small enterprise. also discussions about how they could be forced to sell off their homesteads and then migrate to their diet. an uncertain future in the cities.

> I must honestly admit that I had no clue about the severity of the impact of avian flu on the rural economy. This was a hands-on experience, and definitely not a pleasant one.

great interest the remarks made by microbiologists, physicians, small entrepreneurs and economists in culled and tens of millions of eggs a recent roundtable convened in Dhaka towards the end of received from relatives working pointed out that Bangladesh's of the birds after detection of the including small industries, were they had taken out loans from 10,000 crore had already sustained lowed strictly according to the

paratively cash-rich) urban areas, to drop poultry and eggs from

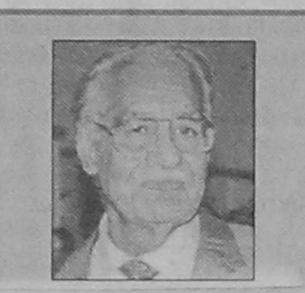
Bird flu first appeared as a threat in Bangladesh in February 2007. It mainly affected very small 'backyard' rural poultry farmers. It was contained with some difficulty. Unfortunately, this time round, it has spread among the Consequently, I followed with larger, more institutionalised poultry farms. As a result, millions of chickens and ducks have been destroyed. By last count, it had manifested itself in 78 upazilas in

This crisis for the rural econ-

omy has several dimensions. It is not just a question of restoring confidence among the poultry breeders. Future steps will require careful planning, provision of cheaper accessing to funds and availability of better technical training for the poultry breeders. It will need re-assessment of phytosanitary standards and creating provisions for pre-

emptive tackling of such a virus. This time round the relevant authorities have failed miserably in taking adequate precautions and setting in place proper surveillance to tackle this menace. They need to re-examine very carefully all the measures that were undertaken to contain the epidemic and to identify the flaws

## State of the nation



KULDIP NAYAR writes from New Delhi

F you want to assess a country's progress you should I pick up the poorest from among the people and see how far he has gone up the ladder, so said Mahatma Gandhi. The budget session of parliament, in progress, is a stock-taking exercise, not of economy alone but of other fields as well. With an array of 'liberal' measures, India has more than doubled its growth rate which was once dubbed the Hindu growth rate of four per cent.

If Gandhi's criterion is applied, India is rich but unequal. Billionaires compete well with their counterparts in America. Millionaires in India are cheaper by the dozen. Yet the common man has made little progress. Two reports emanating from official circles say that nearly 70 per cent of people live in dire, dismal conditions. The latest national Sample Survey says that the people in the countryside live on a daily earning of Rs 8 to Rs 12. The amount has lessened by half from the time the report was published early last year. It is quite a steep fall in some

12 months.

that farmers are committing all tests. over India, including rich Maharashtra and Punjab. The would be no tear on anybody's figure is one every half an hour. (In cheek in independent India. Sixty 2006, the number of suicides was years later, tears of helplessness 7,006). The villagers cannot clear and hunger do not stop trickling the compound-interest debt because they have got enmeshed in the cash crop economy that cannot

found to everyday's horror that the This is apart from the suicide imported wheat failed all quality

Gandhi had promised that there from the eyes of a large majority of Indians. Jawaharlal Nehru's socialism and Gandhi's self-sufficiency

employment scheme is said to have awakened people to their needs.

The government can, however, take credit for the Right to Information Act (RTI). This has opened many doors, although the government, particularly in the states, continues to stall the information sharing process.

information from official files at the asking and it has exposed reluc-

have all the money to buy goodies. But this class of consumers is still crazy about phoran goods. The malls are full of them. Even those who want to buy Indians goods find it hard to get them. A sad development is that the Indians are becoming traders and increasingly quitting the field of manufacturing. The Act has helped to have Many among them are outsourcing their production to China, a country of bonded labour. India's econ-

on the whole, not part of it.

What hurts one the most is that the rich do not even feel embarrassed in flaunting their wealth. Some leaders of the political parties have their birthday bashes inpublic, spending crores of rupees. The questions before India still are: State versus people, urban versus rural, unbridled development versus human needs, blind laws versus natural justice. If only some people gain at the expense of a vast majority, it is a development of sorts. But poverty stays.

India can have vast farms, large industrial houses, huge laboratories and tall buildings. But if in the process the country loses its soul or allows disparities to yawn, the result is nowhere near the dream of freedom fighters. A state with perpetual inequalities may find it difficult even to retain democracy. People's involvement--and their confidence--strengthens the system. Disparities weaken democracy and make people desperate.

Frankly speaking, in a poorly developed country, the capitalist methods offer no chance. The alternative that the Manmohan Singh government is offering is no alternative. It is sheer exploitation. It may be that we are not strong enough or wise enough to face the real problem. We have again failed. Another budget, another exercise of stocktaking has gone awry. Why are we afraid to admit that our fight against the haves lacks commitment?

#### take the market's vagaries. The have clashed to give India a hotchhumiliation of not paying the debt potch of uneven urban progress | tance to take the right decisions. omy is buoyant but the policies are

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BETWEEN THE LINES

is too much for a respectable person to face. In comparison, even a middle class sibling spends more in one evening at a restaurant than what a villager's family affords in

As for the government, it would prefer importing rotten foodgrain to buying from the Indian farmers the same wheat at a remunerative price which in any case is less than one fourth of the world price. If Sharad Pawar is the Food Minister, sordid deals cannot lag behind. The Central Vigilance Commission is looking into the import of 23 lakh tons of wheat at a far higher cost than was necessitated. After testing the quality of wheat, it has been

and scotched rural betterment. These signs are not that of a soft state but of a confused state.

Neo-liberal economic policy of the Manmohan Singh government has pushed aside the common man, whether engaged in small industry or retail business.

Influenced by public opinion, the government has introduced the National Rural Employment Guarantee Act to give work or dole to a villager a minimum of 100 days of work in a year. The scheme has already been perforated by corruption. Rajiv Gandhi, when he was Prime Minister, said that 85 per cent of the money did not reach its intended target. However, the rural

Here too the arrears of applications are piling up making the RTI less effective.

But it is not only the dearth of money or employment that is tormenting the people in rural India. There is a long list of denials. The public health does not cover them. Teachers do not attend schools. Roads are few and they too barely passable. Land records are in a mess. The politician-cum-police backed mafias have come to wield authority at several places, with the connivance of the bureaucrats.

Yet the fact remains that the middle class has expanded to some 250 million people, more than the total population of Europe. They

not chalked out in such a way whereby the surplus is diverted to meet the basic needs of the population. Concessions should be given to the lower half, but the current strategy is to sustain the growth rate even though it is making the rich richer and the poor poorer. The purpose of growth should have been to spread gains wide so that even the ordinary person could reap the benefit. Apparently, Manmohan Singh, once a left-ofthe-centre economist, has decided to convert India into a capitalist society, not realizing that capitalism, socialism or any ism is a means, not the end by itself. The end is the betterment of the society Kuldip Nayar is an eminent Indian columnist.

### OPINION

## Let our resolve remain firm

A R SHAMSUL ISLAM

N the t of 1/11 when President and the then CA of CTG declared that he had relinquished the post of CA and imposed state of emergency the whole nation practically heaved a sigh of relief that the country was thus spared a brewing holocaust being pushed to by the two main political parties always at daggers drawn over the issue of holding national polls that remained just a fortnight the erstwhile government.

away. often a sort of malignant madness is let loose in our electionwhere 'the winner takes it all.'

a mammoth public support. They declared a crusade against corruption, pledged to bring out reforms in the political parties, restoration of institutions like Election Commission, Anticorruption Commission, separation of lower Judiciary from the Executive, independent workable Public Service Commission, overhauling NBR etc that were practically grossly politicised by

Election is an essential part of a some cases, were not long in century the most erudite mondemocratic process. But why coming. Bigwigs of both the two arch Muhammad-bin-Tughlaq main political parties along with attempted most logical and some other parties, were huddled ahead of age reforms like transfer eering? The simple answer is that in quick succession into jails of capital and introduction of our democratic culture has proving that nobody is above law. token currency but these failed 'degenerated to a bottom low Even the two erstwhile PMs were miserably as the people were not contrary to public expectations, put under bars on charge of convinced of their merits. To be

Fakhruddin Ahmed, landed with Separation of judiciary from the with a 'human face'. executive that remained elusive by the previous governments on inducted to power primarily to flimsy pretext was achieved to much needed democratic create a rare milestone. Like achievements in some other fields were also gained, which the elected governments kept left out ity order. It seems certain they on this plea or that.

sensitive, is hard to achieve. Who can deny that reforms, however sound, noble and benevolent, may fail when carried out against the wishes and sentiments of the Even practical execution, in people. As far back as in the 14th

It is clear that the CTG was save the nation from a bloody confrontation and then present a credible election to it. They must have a chart of missions on priorwere first to cleanse up the politi-Any work, public related and cal augean stable heaped up with filth accumulated over decades, particularly in the last tenure of the alliance government.

The unscrupulous corrupt politicians of all ilks (not many from Jamaat-e-Islami) irrespective of their ranks and positions the speedy tribunal and in most terms and pay fines with confis-

ciary etc who, however do not enjoy any better reputation of being corruption free, are yet to face measures, of course barring a few. It seemingly warrants disproportionate dispensation.

The plenipotentiaries of the CTG are aware that they have some most vital tasks to perform within a time-schedule that can never be extended beyond a very compulsive time restraint. Practically it cannot be denied that our erstwhile ruling political parties put the nation in disarray darkening its image abroad as much as trouncing the country to were herded into custody, tried in be the most corrupt in the world in four successive years. Still the cases sentenced to different CTG cannot remain in power beyond the period it itself stipucation of property. However, lated. It stressed most upon the straint is so acute. need of doing reforms within the the bureaucrats, the police, the political parties in their constitu-The new CTG headed by Dr. extorting subscriptions. effective reforms need to be taken custom officials, the lower judi- tion and day-to-day behavioural

manners to end authoritarianism in the party setup and abide by democratic norms.

For long all major parties have made a fanfare of injecting democratic values in their party constitutions, but has anything tangible come out till now? The Election Commission (EC) stressed over sitting with parties in dialogues to facilitate further reforms in the party constitutions, but to what effect till date? What virtue did it discarding the other divide? The the Higher Court consuming

over this dubious idea it can be to be there. safely concluded that it perhaps is a wrong concept wrongly purported to be thrust upon the two major political parties perhaps with the only repercussion of eroding the credibility of administration along with the parties' in the eye of people.

Second, emerged the idea of (EC) discover in inviting one forming a national government faction of the BNP apparently that also seems to be fizzling out. The Law adviser says there is no only result that veritably accrued such provision in the constituis undesirable controversy that tion. Third appeared floating new lengthened out to take refuge to political parties under seemingly obedient, gullible leaders in the enough time whereas time con- name of pure democratic disposition. And as those ideas seem to Long before, immediately after be falling far behind the expected the installation of the CTG a results, the rather stereotyped formula of 'minus two' got afloat plan of constituting a national

in the political arena. Who was its security council comprising exponent and what was his representatives from different motive? Without wasting time tiers of the government happens The CTG has already spent

fourteen months and perhaps only a few months are left out to perform its tasks. Obviously the time ahead appears hard and problem-strewn. Yet it has little scope for time extension. The US, European Union with other potent countries of the world have apparently put pressure to stick to its own enunciated roadmap to election. It is therefore hoped that the CTG will stick to its repeatedly pronounced mission of holding a credible national election and will not get involved in activities that may hinder its prime motto.

AR Shamsul Islam is Retd Principal, Govt Mahila