

## GRAFT CASE

## Salman, Sohel, Mahmudur to be chargesheeted

UNB, Dhaka

The Anti-Corruption Commission (ACC) will submit a charge sheet against Salman F Rahman, Sohel F Rahman, former energy adviser Mahmudur Rahman and four others in a case for misappropriating over Tk 128 crore.

The money was withdrawn from Sonali Bank as loan in the name of Shine Pukur Holding Ltd. The trio has also been accused of cheating and using fake documents to take out the loan.

ACC Director General (Admin) Col Hanif Iqbal told the Commission's regular briefing yesterday that the anti-graft watchdog has approved the submission of charge sheet against detained Shine Pukur Vice Chairman Salman Rahman, Chairman Sohel Rahman and Mahmudur Rahman, also ex-chairman of the Board of Investment.

The charge sheet in the case, filed with Motijheel Police Station on September 30, 2007, will be submitted under sections 409/420/467/468/471/109 and section 5(2) of the Corruption Prevention Act, 1947.

Hanif, the ACC spokesperson, said the Commission has also approved the submission of charge sheets in the cases against former state minister

## Contempt rule on Prothom Alo editor, 2 reporters

STAFF CORRESPONDENT

The High Court yesterday issued a contempt rule on the Prothom Alo editor and two reporters for publishing two reports on the promotion of judges in the district courts.

A division bench of Justice ABM Khairul Haque and Justice Md Abu Tariq issued the rule asking Editor Matiu Rahman and reporters Tipu Sultan and Iftekar Mahmud to explain within a week why contempt proceedings should not be drawn against them.

The rule came following a contempt petition filed by advocate Ziaur Rahman, a lawyer of the Supreme Court.

The Prothom Alo carried the reports headlined 'Serious allegations against 16 regarding the promotion of district judge' on May 24, 2008, and 'Promotion of district judges: File with names of controversial persons in the chief adviser's office again' on June 4, 2008.

Advocate Ziaur Rahman, the petitioner of the contempt case, stated in the petition that the reports were published in order to tarnish the image of judges.

Dr Kazi Akhter Hamid moved the petition in the court.

## Obituary

Md Naoshad, organising secretary of Stranded Pakistanis Youth Rehabilitation Movement, passed away due to a cardiac arrest at his camp house in the city on Monday at the age of 35, says the press release.

He left behind his three sons, wife, mother, father, siblings and admirers to mourn his death.

His quikhwani will be held at his camp house on Thursday.

## Death anniversary



Today is the first death anniversary of Zahirul Haque, former president of Dhaka University of Journalists (DUJ) and former secretary general of Bangladesh Federal Union of Journalists (BFUJ).

On the occasion, wreaths will be placed at his grave and milad mahfil will be held at his residence (42/B, West Malibagh) in the city after Asr prayers on Friday.

Relatives, colleagues and admirers are requested to attend the programmes.

## Faruk Hossain

Today is the 16th death anniversary of journalist Faruk Hossain, says a press release.

On the occasion, a milad mahfil and Quankhwani will be held at his village home.

He was the correspondent of the daily 'Runner' of Jessore and 'Purobi' of Noapara.

## Qulkhwani

Qulkhwani of Begum Badar Nesa, mother of Abdul Awal Minto, former FBCCI president and an industrialist, will be held today at the residence of Minto (71 Gulshan Avenue) in the city, says a press release.

Relatives and admirers are requested to attend the programme and pray for her departed soul.

Ziaul Haque Zia, his wife and son and former BRIC chairman Taimur Alam Khandaker.

Zia, his wife Nasima Haque and son Masfiqui Haque will be chargesheeted in the case filed for acquiring wealth beyond their known sources of income, while Taimur will be chargesheeted for recruiting people illegally to the BRIC.

He said the Commission has approved the filing of a case against former whip Zahed Ali Chowdhury for amassing wealth worth Tk 1.30 crore illegally and concealing information about it.

About exempting detained former prime minister Sheikh Hasina from appearing in court in the cases filed by the ACC, Hanif said after submission of charge sheet in a case it is the jurisdiction of the court to make such a decision.

"The ACC is not a stakeholder (in the case). There is no scope for it to give its opinion in this matter," he added.

## Economy tuned

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had been so intensely seeking, may not live up to their expectations as a new slab has been proposed 100 percent tax holiday for the first two years, 50 percent for the next two years and 25 percent for the last one year. This would take the edge off the current tax holiday mode.

But the main challenge would remain whether industry will react to the evolving political situation and whether industry will get enough credit to keep its wheels turning. When the government envisions a 86 percent increase in its borrowing from banks and mind it, this contrasts with a 22 percent decrease in borrowing from savings instruments one gets naturally worried about the probable monetary policy. It is actually difficult to imagine a monetary framework with such a large borrowing plan.

The finance adviser had kept borrowing from non-bank sources low, which are high interest bearing instruments, probably with the aim of reining in the budget's loan repayment obligation, which is already projected to bloat to 17.3 percent of the revenue budget. But the bank loans with all likelihood will lead to crowding out effects on the private sector. However, the adviser projects that investment in the private sector will increase to 22.6 percent and acknowledges the need for private sector credit expansion by 19-22 percent in medium term. How this can be achieved, because of such a high string budget, is a matter of contemplation.

And this would also lead to inflationary pressure. The proposed budget in fact dwells very little on how to curb the ugly head of inflation. The adviser has predicted capping of inflation at 9 percent next year, but this target is still too high and the fiscal postures do not generate much hope regarding whether this could be maintained. This is more so as he himself confessed that this year the budget deficit has increased from 4.2 percent to 4.8 percent.

The adviser has cursorily mentioned keeping prices of essential items like rice, wheat, edible oil, lentils, onion and garlic at a normal level. But how much that promise will cut is still to be seen in view of the present day runaway price escalation of the items mentioned.

The finance adviser has however correctly targeted export by increasing export subsidies to Tk 1,050 crore from this year's Tk 700 crore. But with the export drive on the top gear, whether that amount is sufficient is an open question.

And in the labyrinths of social network and charities, it is also easy to get lost where the growth is coming from next year. The finance adviser has set a target of 6.5 percent

Asked whether others can get the exemption like Hasina, Hanif said it is the discretion of the court.

Asked if the cases against Hasina would lose the momentum or get weak, Hanif said such proposition is not relevant here as nobody has been exempted from cases.

About the resignation of ACC Chairman Lt Gen (ret'd) Hasan Mashud Chowdhury as reported in a section of the press, Hanif said the Commission is not aware if there is any basis of the resignation-related information published in the newspapers.

"The ACC has no information or basis by which it can be said that he (chairman) resigned," he said, adding that the matter would become clear within a day or two.

Hanif said the ACC chairman is now in the United Arab Emirates on vacation and he might return home cutting short his tour due to illness of his mother.

growth for the next fiscal year and said growth would be in the range of 7-8 percent in the medium term (2009-11). It means for an economy of about \$60 billion we are again stuck in the 6 percent bracket and that is not enough to generate enough employment. The economy, even if it does not move much, should produce this 6 percent plus growth anyhow and with new initiatives it should reach 7-8 percent next year. Remember, Bangladesh is not witnessing those 'economy hurting' activities like frequent hartals and port closures for quiet some time now.

The other disturbing thing in the proposed budget is its lack of direction in energy enhancement. It has not shown any promises in power generation, and so one would expect to remain in the 'dark age' for an unforeseeable future. Without power, industry will suffer, and the SMEs, have not received any special attention.

Mixed with all these, the employment question will loom large next year. If the farm sector revamps, more importantly if the agri-industry revamps, employment will be generated on a wide scale. But it is not clear what will happen to the industrial employment scenario.

The finance adviser in proposing his budget has however dwelt at length on the present day realities the international and internal shocks, the slackening growth scenario, and the hardship of the commoners. But his smaller ADP outlay by 3.39 percent from this year's original amount does not explain how he would meaningfully channel funds to the rural areas and create sustainable employment. In a developing country like Bangladesh, ADP is important too for growth generation. When a political government comes, hopefully next year, the fungibility of having a smaller ADP will be put to test when political exigencies will come into play.

He has rightly increased diesel subsidy for farmers to Tk 540 crore from the existing Tk 250 crore, but questions still remain as to the efficiency of the subsidy distribution and the real increase in subsidies, given the impending diesel price enhancement. His promise for Tk 272 crore for agriculture extension and research is also heartening.

However endeared the social face of the finance adviser's budget is, economists would certainly look at it with keen interest and skepticism. They will want to see if the macroeconomic stability gets jeopardized because of high borrowing.

Mirza Aziz through his proposed budget has set the tone for a time to wait and see how his short term measures lead to long term benefits.

## Tarique denied bail

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Corruption Commission (ACC) filed the case with Ramna Police Station against six people, including Babar. The case involves the use of bribe in covering up the murder of Bashundhara Group director Humayun Kabir Sabbir.

Tarique and former BNP lawmaker Qazi Saleemul Huq Kamal were implicated in the case after investigators found their involvement in the crime.

Tarique was brought to the court from Bangladesh Sheikh Mujib Medical University by an ambulance at about 10:25am. He was in wheelchair during his brief stay there and was taken back to the hospital as his doctor drew the court's attention to his illness.

It was his first appearance at the trial court in connection with the bribery case.

Babar and Abu Sufian, director of East-West Property Development Ltd, the flagship concern of the Bashundhara Group, were also brought to the court.

Making out the case for sending Tarique abroad for treatment, defence lawyer Khandaker Delwar Hossain told the court that despite having been under treatment in the country for five months, Tarique's condition is not improving.

He also said two of Tarique's spinal vertebrae were broken during 'brutal torture' in captivity, adding that he cannot stand or sit for a few minutes.

Stating that Tarique's life is in danger, another defence counsel barrister Rafiqul Islam Mia said according to the medical report, he will be 'physically invalid' for life if his proper treatment is not ensured anytime soon.

"Tarique was young, energetic, completely fit at the time of his arrest, but today he is a crippled man: he could not stay in the courtroom for 10 minutes," he told the court after Tarique was taken back to hospital.

Referring to former army chief Gen (ret'd) Mustafizur Rahman who was granted bail on medical grounds, Rafiqul appealed before the court to postpone the trial proceedings until Tarique is physically fit to appear before the court.

The prosecution, however, strongly opposed the bail prayer, saying the Emergency Power Rules (EPR) do not provide for bail in cases filed under the Corruption Prevention Act 1947.

Khandaker Delwar later told reporters that they want justice and transparency in judicial procedures, saying, "We'd take decision after seeing the end of the ongoing drama."

## Power sector

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nothing about what the nation would do to address power crisis in 2009, though he shed some light about the power situation in 2010.

"In the current fiscal year, a total of 124 MW from public and private sector has been added to the national power grid. Another 210 MW will be added by June 2008. By December 2008, a total of 320 MW power will be generated on a rental basis in the private sector and another 166 MW will be generated by 10 small power producers," he said.

"An agreement has been signed with captive power plants to purchase 27 MW of electricity, of which 10 MW has already been put into the grid. To meet the emergency, we have increased power generation by 318 MW, renovating the old power plants. In spite of all these efforts, inadequate gas supply disrupted normal power generation."

The adviser however admits the pitiable power consumption situation in the country. "Although currently 43 percent of our total population enjoys electricity facility, the per capita electricity consumption is low compared to many developing countries. In 2007, our per capita electricity consumption stood at 140 KWH while it was 325 KWH in Sri Lanka, 408 KWH in Pakistan and 665 KWH in India," he said.

He claimed that four private power plants with a total of 450 MW capacity -- now being built -- will come into operation by 2010, and three public sector plants with 380 MW capacity are also being constructed.

But according to the power ministry, presently no private power plant is being built. The Power Cell of the ministry is conducting tender for two 450 MW power projects, and it is far from awarding the contracts.

Power ministry sources however said some public sector power projects are now under implementation. Siddhigangj 240 MW power project will come into operation within a few months while the authorities are expected to award contracts for a 150 MW power project in Sikabaha and a 360 MW one in Haripur within this year.

The adviser pointed out in his speech that presently 75 percent of the nation's commercial energy requirement is met from natural gas resources, and the remaining by importing petroleum, and generating hydro-power and thermal power at Barapukuria.

He mentioned that Barapukuria mine is supplying coal to the 250 MW coal-fired power plant there while production has started in Madhyapara Hardrock Mine. Petrol, diesel and liquefied petroleum gas are being produced in processing plants at Kailashula and Bikanibazar. Efforts are continuing to save foreign exchange by increasing the use of compressed natural gas (CNG).

## Essentials

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programmes like Food for Work, Vulnerable Group Feeding (VGF), Vulnerable Group Development (VGD), Test Relief and Gratuitous Relief.

Essential food prices had jumped from 9 percent to 54 percent over the last year, according to a report published by the Trading Corporation of Bangladesh.

Mirza Aziz assured that the government will still have 10 lakh tonnes of food grains in stock by the end of FY09 which would "enable us to tackle any food security related risks".

Medium-term steps include building new wholesale markets in Dhaka and main cities to improve distribution of food grains.

He also said the government may introduce a "consumers' rights protection ordinance".

The government has identified the ultra-poor, the rural middle and lower middle-class groups as the worst affected by the price inflation.

In an effort to supplement the income of the vulnerable groups, the government is going to expand the social safety net to increase their purchasing power.

For VGD, the government will continue providing 30kg of wheat or rice per person for 7.5 lakh women and introduce Tk 400 monthly allowance per head for another 40,000 "underprivileged women" of eight northern districts.

Mirza Aziz announced that Tk 1,578 crore has been proposed in Food for Work Programme, which is expected to generate 14.4 crore workdays of employment.

The government said it "hopes" a current bumper harvest alongside a forecasted increase in global food production would also rein in soaring food prices.

The adviser announced that the government plans to increase farm supplies and hopes that an "incentive pricing system", through which farmers would receive higher prices, would encourage farmers to boost production.

## Sure jobs for poor

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subventions involving Tk 16, 932 crore," he added.

The new employment generation scheme titled '100 Days Employment Generation' is aimed at ensuring employment for the rural unemployed poor across the country, for at least 100 days a year, particularly during the periods of mid-October to mid-January and mid-March to mid-May.

The programme will create some 20 crore working days of employment with daily remuneration of Tk 100 per person, for some 20 lakh unemployed poor.

Allocation for the Food for Work Programme has been set at Tk 1,578 crore.

Government allocation for Palli Karma Shahayak Foundation, NGO Foundation, Social Development Foundation and for other such organisations dispensing micro-credits has been set at Tk 526 crore.

The finance adviser also proposed Tk 270 crore allocation for benefiting women and children. In the next fiscal, 9 lakh women will get allowances under the Programme for Widowed, Deserted and Destitute Women while the existing number of beneficiaries stands at 8.25 lakh. The allowances will also rise to Tk 250 per person from Tk 220. The proposed outlay for benefiting women has been increased by Tk 86 crore compared to the revised allocation in the current budget.

The allocation for allowances

to poor lactating mothers in rural areas has been raised by 27 percent to Tk 21.60 crore. The number of beneficiaries will also rise by 15,000, standing at 60,000 in the next fiscal. Another Tk 20 crore has been allocated for a similar programme supporting the poor and low-income workers, particularly working mothers in the garment manufacturing sector.

The Vulnerable Group Development (VGD) Programme, with the provision for distributing 30 kilogram rice or wheat per person among 7.5 lakh women will continue, while the programme will be extended providing monthly allowances of Tk 400 per person to an additional 40,000 underprivileged women of eight northern districts.

A new programme titled 'Rural Employment and Road Maintenance Programme (RERMP)' funded by the government at a cost of Tk 943 crore will be launched in the next fiscal, generating 50,000 jobs annually in 4,926 unions. Under the programme, Tk 190 crore will be spent in the next fiscal.

Per capita capitation grant for private orphanages has been increased to Tk 700 from Tk 600 in the proposed new budget. Earlier in January this year the allowance for children of orphanages including Shishu Shadan, Shishu Poribar, Chhotomoni Nibash, Safe Home and similar other organisations was increased to Tk 1,500 per person from Tk 1,200.

Allowances and coverage for the elderly have also been increased. Per person proposed allocation has been increased to

Tk 250 from Tk 220, while the number of beneficiaries has also been increased to 20 lakh from the earlier number of 17 lakh. The programme will cost Tk 600 crore in the next fiscal while in the current fiscal the allocation is Tk 448.80 crore.

Monthly allowances for wounded freedom fighters will increase 20 percent at all levels. Allowance for insolvent freedom fighters has been increased to Tk 720 a month per person from the earlier allowance of Tk 600 a month. The increase will cost the government about Tk 120 crore in the next fiscal.

Per person allowance for insolvent persons with physical disabilities, who are not freedom fighters, has been set at Tk 250 a month which was Tk 220 earlier. The total allocation for 2 lakh beneficiaries will rise to Tk 60 crore in the next fiscal.

The proposed new budget has also allocated Tk 150 crore for Jatiyo Protibondhi Unnayan Foundation. Allocation for disabled students has also been increased to Tk 6 crore from Tk 5 crore.

Among other social safety net programmes, the government set up a national committee for mitigating the sufferings of the people of monsoon-stricken areas. Living standards of 10 lakh people residing in the char (shoal) areas comprising 150

unions under 28 upazilas of 5 districts along the flood plains of the Brahmaputra delta will also be raised under the proposed new government initiative for expanding the social safety net.

Besides, dispensation of low interest loans to the victims of land erosion by rivers, and distribution of khas lands (government lands) among the landless will continue in the next fiscal.

A total of Tk 716 crore spending in the next fiscal has been proposed for constructing 6,500 new barrack houses, and for providing job training and micro-credits to 40,000 members of landless families.

## Taxes down on printing paper, up on printed

STAFF CORRESPONDENT

The finance adviser yesterday proposed a reduction of duty on printing papers to 12 per cent from 25 per cent.

He, however, proposed a increase on duty on printed papers, from 15 per cent to 25 per cent.

"There has been a phenomenal growth in the printing sector. But a higher tariff on printing papers vis-à-vis lower duty on printed papers has made our publishers and printers face an uneven competition," Mirza Azizul Islam said while making his proposal during presentation of the national budget yesterday.

The adviser said that "in the interest of the local paper industry", the existing zero per cent rate on pulp and paper waste would continue.

## Tk 99,962cr budget banks on high borrowing

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Islam admitted that the government was compelled to take up such an expansionary budget because of a precarious international and local economic scenario still reeling from the oil and food price shocks.

"In the backdrop of the negative impacts of international price hike of oil, food and fertiliser together with internal shocks, an expansionary fiscal policy to protect the poor and the low-income group of the community has become an essential necessity," Mirza Aziz observed.

He said the budget would overcome the current economic crises by focusing on nine priority areas: maintaining tolerable food and energy prices, employment generation, ensuring food security, widening and deepening social safety-net programmes, reducing regional disparity, increasing agricultural production and power generation, and improving communication networks, including IT.

He also allayed any fears that a drop in development budget reflects a 'lesser development thrust' because "the dichotomy of development and non-development budget is an artificial one".

The finance adviser said the non-development budget will include Tk 16,932 crore for social safety-net programmes, Tk 13,648

crore for agricultural inputs, food and fuel subsidies, and Tk 10,253 crore for the salaries of teachers and doctors.

"All these expenditures are development in nature," Mirza Aziz said.

**THE NEW BUDGET**  
The budget for FY09 is around Tk 20,348 crore more than the original budget of Tk 79,614 crore for FY08.

The government will spend Tk 72,584 crore on non-development budget, which is Tk 52,650 crore in the budget of the current fiscal year.

A break-up of the non-development expenditure reveals that 19.7 percent will be spent on pay and allowances, 18.4 percent for paying non-government teachers (grants in aid), and 17.3 percent on interest payments.

It will also include Tk 14,037 crore in salaries for government employees, which is Tk 13,508 crore in the original FY08 budget.

Another Tk 12,565 crore has been allocated for interest payment on debts, going up by 18 percent from FY08.

The non-development expenditure has kept Tk 3,395 crore for block allocation, which is 133 percent higher than the Tk 1,453 crore allocation in FY08.

The destination for the block allocated funds was, however, not mentioned in the budget.

For development expenditure in FY09, the government has allocated Tk 25,600 crore against Tk 26,500 crore in FY08.

The government has also raised its revenue generation target by the National Board of Revenue to Tk 54,500 crore, a 24.28 percent rise from Tk 43,850 crore in the FY08 original budget.

Value added tax (VAT) income in the FY09 budget is expected to grow by 28 percent from the original FY08 budget, with another 21 percent rise expected in income tax, 16 percent growth in import duty collection and 33 percent increase in supplementary tax collection.

However, non-tax revenue is not expected to grow as tax revenue with the government expecting only a 10 percent rise to Tk 12,593 crore in FY09 from Tk 11,463 crore in the original FY08 budget.

To mitigate the large deficit, the government also plans on increasing non-bank borrowing to Tk 3,500 crore in addition to the high bank borrowing plans for FY09.

The government also plans on taking Tk 7,236 crore on foreign loans for FY09, a 14 percent rise from FY08, with another Tk 6,346 crore in foreign grants, which is 49 percent higher than FY08.

**REVISED BUDGET**  
Expansion of social safety-net and increased subsidies have

inflated the FY08 revised budget to Tk 86,085 crore from the original Tk 79,614 crore.

But, including government bonds to repay Tk 7,523 crore debt of Bangladesh Petroleum Corporation, the revised budget for FY08 comes to Tk 93,608 crore against the original Tk 87,137 crore.

The revised budget for non-development expenditure for FY08 is Tk 62,781 crore against the original Tk 52,650 crore.

Development expenditure for FY08 has been revised to Tk 22,500 crore from the original Tk 26,500 crore.

The revenue income has been unusually revised up for FY08 instead of revising it down, going up by Tk 3,238 crore to Tk 6,053 crore.

"Despite the increase of price of petroleum products in the international market, no corresponding price adjustments were made in the domestic market. This resulted in additional quasi-fiscal costs of Tk 15,991 crore (3 percent of GDP). A sizeable chunk of the quasi-fiscal costs amounting to Tk 11,836 crore (2.2 percent of GDP) could be met from cash resources of the revised budget of FY2007-08 because of the increase in revenue earnings during the year. And this was possible even after meeting the expenditure involved in the Sidr and flood rehabilitation activities," Mirza Aziz said in his budget speech.

## Short term solutions for deeper malaise

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"Moreover, many issues of budgetary policy remain un-addressed, or are only tentatively addressed, in the context of uncertainty regarding international fuel and food prices and domestic inflation and food supply situation," he said.

Commenting on the proposed budget for the fiscal year 2009, he said, "In spite of the large size of the proposed budget, the emphasis has been on making provision for continued increase in subsidies on food, fuel and fertilisers and for planned expansion of social safety-net programmes. As a result, the size of the Annual Development Plan (ADP) has got squeezed."

Moreover, the government plans to borrow heavily from the banking system to meet the increasing budgetary deficit.

While such a budgetary stance seems to have been forced by compelling circumstances, the finance adviser must be well aware that none of these are sustainable solutions to the problems the economy is facing, Mahmud said.

He said the prevailing rates of subsidies are already putting unbearable pressure on the budgetary balance. "If the current rate of growth in the government's domestic borrowing continues unabated, it will jeopardise macro-economic stability," he warned.

Curtailling the government's development expenditure and public investment will negatively impact the economic growth and social development indicators, and will ultimately go against achieving the goals of expanded social safety-net programmes that the budget is proposing, he said. "Evidently, this is a budget that is looking for short-term solutions."

The size of the ADP has had to be kept relatively small to accommodate the large increase in current expenditure, which in turn is mainly due to meet the rising costs of subsidies. The proposed size of the ADP is only 25 percent of total budgetary expenditure; during the period from early 1990s until recently, this proportion has been above 40 percent on average,

according to the revised budget estimates for each year. This will be a noticeable reduction in the ADP size also as a proportion of GDP, Mahmud continued.

It is true that in the past there has