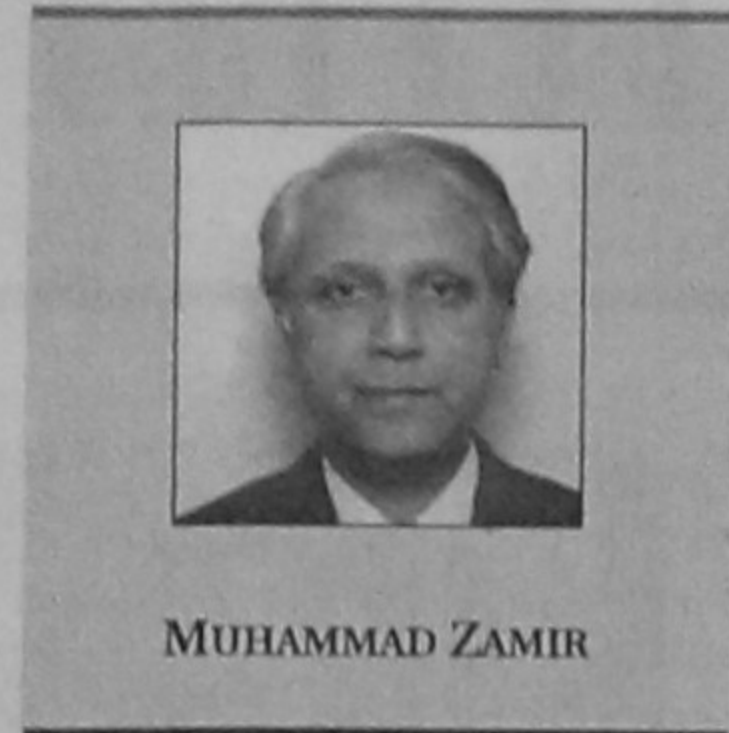


# Anxiety about the economy



MUHAMMAD ZAMIR

It is quite normal to see reports and analytical assessments about our national economic performance during June and July of every year. It coincides with our financial year that begins in July and ends in June. This year has been no exception. Most analysts, as expected, have given their overview and been moderate in their criticism. Some others however, probably more than usual, have referred to emerging negative trends and been harsh.

I shall refer first to the ongoing disagreement between the Bangladesh Bank, certain economists and the IMF over our future monetary policy. The IMF, consistent with their true conservative nature had suggested a tight monetary policy for Bangladesh and had claimed that the existing policy was 'too expansionary' to combat the surging inflation. This came one day before the Bangladesh Bank Governor outlined the official position.

The Bangladesh Bank, for a change, was pragmatic and realistic. The Governor announced that the Bangladesh Bank would continue to follow an expansionary monetary policy because if the policy was tightened at this moment, the pace of economic activity might be hampered. It was also underlined that monetary tightening can bring down inflation, but it has unacceptably high costs in terms of output and employment which Bangladesh

can ill afford at present 'in view of its growth and poverty reduction imperatives'. By taking such an approach, the Bank was demonstrating its consciousness about not hampering private sector credit needs. As expected, this approach has been welcomed by economists, businessmen and bankers who have pointed out that this step will encourage private sector investments, that will spur economic growth. I agree

expected to affect growth of the country's GDP for FY2007-08. There has also been another significant report. The Japan External Trade Organization (JETRO) has just indicated that the cost of investment in Bangladesh is not getting cheaper as all the cost components have marginally increased to 2.45 per cent in 2008 from 2.44 per cent in 2007. This 18th survey of JETRO also found that the maximum

Bangladesh Bank's latest policy will help regeneration within our economy. This government, in its own way, has been trying to restore business confidence among the entrepreneurs -- both big as well as the SMEs. This is required given the 27.5 per cent reduction in the import of capital machinery during the last fiscal year. The drive against corruption has probably played a significant part in this. This also implies that

private investment sector, is the critical question of gas supply to new industrial units. It is silly to say that Bangladesh is ready for foreign investors and then to tell them that they have to wait for gas connections and sufficient energy/power required for the running of their proposed industrial unit. A classic case in point is the newly licensed Korean EPZ area near Chittagong and also other EPZ institutions elsewhere

de-income country in 15 years -- two years ahead of what has been predicted by the United Nations Conference on Trade and Development (UNCTAD). The prospect of such a transition and this assumption is based on several economic indicators. These include export growth of manufactured products, the steady increase in remittance being sent home by our expatriate community and reasonable success in implementing various MDGs.

Despite resource constraints and being an LDC, Bangladesh, according to UNCTAD, has accounted for 34 per cent of the LDC group's total manufactured exports and 7.4 per cent of their merchandise exports.

Various factors are working silently to improve the situation. This has been translated into interesting findings in recent surveys. Apparently, a larger proportion of the population, especially in the rural areas is gradually moving upwards the income ladder. The number earning between US dollar 1 and 2 has grown and that earning less than US dollar 1 has fallen.

Our economy has been growing despite our acrimonious politicians. For that we need to thank the private sector. The large and medium level entrepreneurs (belonging to the Metropolitan Chamber of Commerce and Industry) feel that the overall business climate and the present government's commitment to be business friendly are proving to be helpful. The Bangladesh Bank has also taken certain positive steps. One can only hope that the necessary elements will now fall into place to create greater growth momentum and we will grow at a faster rate than the 5.7 per cent predicted by Citi Bank for the next fiscal year.

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**POST BREAKFAST**

**Despite resource constraints and being an LDC, Bangladesh, according to UNCTAD, has accounted for 34 per cent of the LDC group's total manufactured exports and 7.4 per cent of their merchandise exports. Various factors are working silently to improve the situation. This has been translated into interesting findings in recent surveys. Apparently, a larger proportion of the population, especially in the rural areas is gradually moving upwards the income ladder.**

with Bangladesh Bank's initiative but at the same time need to put on record that they should pursue their policy with caution and also exercise a degree of indirect control to ensure that we do not lose the plot totally.

The last few days have seen a plethora of reports about various dimensions of our economy. One has outlined how the growth of the country's industrial, agriculture and service sectors has declined significantly in the last financial year. Referring to provisional figures released by the Bangladesh Bureau of Statistics (BBS), it said the country's growth of overall industrial sector fell significantly to 6.87 per cent from the previous year's growth of 9.74 per cent. It also pointed out that the growth in Bangladesh's agriculture sector came down to 3.61 per cent in the last fiscal from 4.94 per cent in FY 2006-07. The growth in the service sector also declined to 6.69 per cent from 6.92 per cent. These factors, quite justifiably, are

corporate tax for non-listed companies in Bangladesh was 40 per cent, the highest among all the 30 countries that the survey covered. Since then, our government has decided to reduce corporate tax to 37.5 per cent. This will probably regain for us a slight competitive edge.

However, to regain a more meaningful advantage, the government will also need to focus on other factors like -- inadequate infrastructure facilities, container transportation, land price of industrial estate, initial internet connection fee, monthly basic internet connection fee, telephone installation fee, mobile phone subscription fee, corporate income tax etc. The government should also be seen as being consistent in terms of policies and facilities that are made available for foreign investors. In this regard they must understand that sudden changes may sometimes be seen as a breach of faith and this, in the long run, affects relationships with investors.

there is a chance that the country's industrialization might not improve, as expected in the current fiscal year.

It may be noted in this context that this is the first time since 1998-99 fiscal that the country witnessed such a negative growth in import of capital machinery after a steady growth over the last decade. This reduction in capital machinery import is that much more worrying because it is not consistent with the overall pattern of the country's import figures for 2007-08 fiscal, where the value of imported goods rose by 26.4 per cent to a record USD 20.21 billion from USD 15.9 billion of the previous fiscal year. This overall increase in import value might have been due to the price hike of almost all the imported commodities in the international markets and the higher import price of rice but reduction in import of capital machinery despite increase in total imports is not a good sign.

Another anxiety facing the entrepreneurs, particularly in the

country. Many foreign entrepreneurs have shown their willingness to invest or to transfer their manufacturing capacity to these zones but are now hesitating to do so because of uncertainties related to gas and energy supply. Lack of assured power is also affecting many private sector investors outside the EPZs, particularly in the Chittagong area. Some of them have tried to ease infrastructural bottlenecks by purchasing their own generators, but have been unable to put them to proper use in the absence of steady gas supply.

The government has to deal with this expeditiously. We have heard several statements in this regard by the responsible authorities but the result till now has been a big zero -- all because of poor planning and lack of perspective foresight. Eighteen months later, we are still at square one.

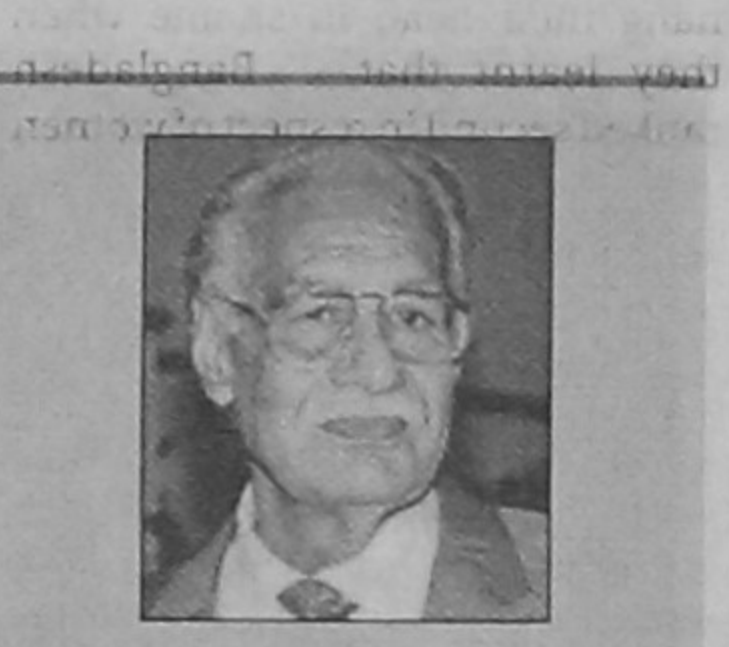
We have problems, but I also strongly believe in Bangladesh's economic future and the prospect of Bangladesh becoming a mid-

level country in 15 years -- two years ahead of what has been predicted by the United Nations Conference on Trade and Development (UNCTAD). The prospect of such a transition and this assumption is based on several economic indicators. These include export growth of manufactured products, the steady increase in remittance being sent home by our expatriate community and reasonable success in implementing various MDGs.

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# Democracy knows no morals



KULDEEP NAYAR  
writes from New Delhi

WHETHER politics is guided by morals or not is a moot point. But India has proved that democracy knows no morals. We have fiercely flaunted before the world, particularly our neighbours, oscillating between dictatorship and democracy of sorts, that we have the democratic system in position. But when the time came to prove it, we were found wanting. It is not only the Congress and the BJP which fell from the minimum standards of integrity. All political parties, including the Left, played an opportunistic game.

The real test came at last week's parliament session when the Manmohan Singh government sought in the Lok Sabha a vote of confidence after the withdrawal of the Left's support to it. The government said that the motion was also meant to get an approval of the Indo-US nuclear deal. On both counts, it won.

The margin of victory was 19 votes, 275 against 256 in a 543-member house. Ten members abstained and two stayed away. It was not a resounding win but it

was more than expected. What was not expected was the extent to which the two sides went to corner members: some were purchased (the going rate was Rs 25 crore per member), a few were lured by ministerial offers and many were influenced in the name of communalism and caste, increasingly a staple diet for Indian voters.

The scene that disfigured the image of parliament the most was

the display of bundles of currency notes by three BJP members. They looked them on the table of the Lok Sabha and alleged that Rs 1 crore was given to each as an advance to abstain from voting. This abruptly ended a high-level debate, rare in parliament. The house had to be adjourned twice till the Speaker was able to persuade leaders of political parties to go straightaway for voting. Even the Prime Minister had to give his reply in writing.

The person who brought the cash and handed it over to the three MPs was recorded by a leading TV channel which preferred not to telecast it but to give a copy to the BJP. The original was depos-

ited with the Speaker. Why the channel indulged in a sting operation for a political party is not known, but it is obvious that it did it for the BJP. Unethical, and it is something that the channel will have to live down upon.

Another last minute allegation made after the lunch interval on the second day was that a CBI official had threatened UP chief minister Mayawati's member not to vote against the motion if he

history. Secularism and communalism are the two sides of the same coin. Prakash Karat, secretary general of CPI (M), and A.B. Bhardhan of the CPI have given a new meaning to casteism by kowtowing before Mayawati and to communalism by having constant contacts with the BJP leaders through mobile.

I am not worried about the mechanisation of these parties. They need to be written off. But I

around the plant are suffering from one disease or the other.

Affecting our sovereignty is the Hyde Act which clearly states that it is the policy of the US to secure India's cooperation on a number of issues involving Iran, including its capability to reprocess nuclear fuel (in spite of the fact that Iran, as an NPT signatory, has the right to enrich uranium for use in light-water reactors). This has nothing to do with the nuclear deal and can only be related to influencing our foreign policy. Recent statements by Gary Ackerman, chairman of the US House Foreign Affairs Committee, regarding Indo-Iran gas pipeline, only heightens such suspicions.

The Lok Sabha debate has tragically shown that the UP-type politics has come to the centre. The Samajwadi Party and the Bahujan Samaj Party, rivals in the state, have seen to it that the type of working where there are no holds barred is followed at New Delhi as well.

When there are no holds barred, political parties are worse than individuals. The parties want to throw so much mud on one another that some of it sticks with them when they contest elections. The country should be prepared for surprising results because people saw with their own eyes through TV channels how MPs made fool of themselves and how they were nowhere near the traditional morality which India still follows in the countryside.

Kuldeep Nayar is an eminent Indian columnist.

# BETWEEN THE LINES

**I wish the issue had been the nuclear deal. But it boiled down to voting out the government. The deal is flawed on many points. When the West itself is abandoning the nuclear energy because even a small leakage can create havoc, it is no more a matter of discussion. We, in Rajasthan, have experienced how people living around the plant are suffering from one disease or the other.**

wanted to save her from the case of disproportionate assets. This is also a matter that needs scrutiny because the CBI, a department of the central government, has been used by all purposes.

The Left behaved in the same crass manner as others did. It is sad but true that a CPI (M) member injected long before the debate the point that the nuclear deal with America was anti-Muslim. The Left was not in purchasing business but in formulating a common strategy and coordinating moves with the BJP and Mayawati, a casteist leader. There was no ideology involved except thuggery.

India has created yet another

am worried about the nation which finds that even the Left has ceased to have any principles. When power, overt or covert, comes to dictate democracy, the scenario is bound to be ugly. This is what has been witnessed in the country over the years. Had the people's faith in democratic institutions not been resolute, India would have gone the neighbours' way

I recall the trampling of values and morals by Mrs Indira Gandhi who imposed the emergency. But then the people asserted themselves and defeated her at the polls. The Shah Commission, appointed to go into the excesses, had warned: "If the nation is to

The disclosures may be appalling, but they may throw up certain measures to stem the rot. In any case, the pieces have to be picked up to overhaul the system. The post-debate period is going to be important because new alignments will come into being for the next elections, due in March-April.

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# Felling trees yet once more

Such attitudes must be discarded

TREES certainly do not figure prominently in the Dhaka City Corporation's scheme of a healthy urban setting. A large number of trees were cut down for no good reason in the past and the latest plan of eliminating 52,000 trees from the city's Gulshan area is a shocking reminder of the city fathers' insensitivity to the need for retaining the trees and all green patches in the metropolis. Of course, the DCC has by now stepped back from its plan in the face of a vigorous protest from environmental groups. But the question remains: why must it bring itself to a pass where public resistance compels it to abandon a project that everyone knows is a bad one in the first place?

It is really not clear why trees which render invaluable service to the environment should be chopped off ruthlessly in the name of implementing any development plan. In the Gulshan case, the trees were being felled because they stood in the way of the locality's further beautification (!) and obstructed the drainage system. Finally, a DCC official has tried to convince us that some individuals and organisations also supported the move. So, the stage was set for removing the trees.

Our observation is that there is something wrong in the beautification project that fails to attach due value to the wonderful trees that have an air of soothing loveliness about them. Beautification at the cost of the trees is something that few people would approve of. The second point raised by the DCC, that the trees have to be eliminated to facilitate the project for improving the storm water drainage also sounds rather unconvincing. Obviously, the trees can and should be saved through formulating a plan that does not require their elimination. It is a sad truth that our planners never lay much emphasis on saving the greenery. Thirdly, it is not at all clear why individuals and organisations should feel disturbed by the presence of trees in their locality. Even if anybody has lodged any complaint against the trees, the DCC should have thought twice before taking it seriously.

The environmentalists have been opposing the DCC's plan, but the point is whether they have succeeded in garnering enough public support in favour of their position. Felling of trees in the past evoked sharp reactions from civil society and all conscious citizens and in some cases their protests forced the slayers of trees to refrain from committing the crime. Obviously, saving trees has to be transformed into a movement. What needs to be guaranteed is that trees will be protected as a matter of principle.

# Elections: Why and why not

KAZI ALAUDDIN AHMED

ELECTION fever, if I am allowed to say so, is gradually gaining momentum. Quite contrary to the usual practice the process of the general election follows the one for the local government elections across the country. At the first instance, we have by now election schedule declared for a number of municipal and city corporations. Submission of nomination papers, their scrutiny, acceptance and rejection have already been completed. Though yet to take off formally and on a mass scale individual aspirants and their supporters are about to mobilize their respective numerical strength to fall back upon. All their enthusiasm would obviously depend much on their respective party support.

When we talk about support of the party (even though direct involvement of the political parties is forbidden in local government elections) we have to take into cognizance the actual situation in respect of some of the major political parties. For instance, BNP presently led by Khandker Delwar Hossain has already rejected the proposition of local government election before national election tentatively scheduled for third week of December this year. He has even challenged the legal validity of any L.G. election under the present caretaker government. Besides, he has categorically warned all his party men to boycott such election and cautioned the violators about possible disciplinary action.

Commission to hold upazila election as well before the national election in December has also aggrieved the BNP leadership. Palpably at their instance some legal practitioners had filed writ petitions in the High Court to get the Election Commission venture quashed. On July 10, 2008, they have had a big disappointment instead -- their prayer being straightaway vacated by the Hon'ble High Court.

Awami League and its 14-party alliance have already formally announced their indirect and yet most potent involvement in the city and municipal corporation elections. They have made their selection of four mayoral candidates for city corporation election. And apparently paradoxical, Awami League (seemingly others in the 14-party alliance) has expressed its unwillingness to participate in the upazila election if it precedes the national election. In this case, BNP and Awami League have identical strategy, it seems. Ershad's Jatiya Party and a few other like-minded smaller parties do not have any objection to holding upazila election before general election in December. Ershad was seen unusually critical about those who contest CEC's announcement. He thought that linking the demand for immediate release of the top leaders of the two big parties as precondition to participating in the elections is vicariously mischievous on the part of those who make such demands.

Even the Chief Election Commissioner was seen wondering about the earthly reasons for objecting UZ election before the

general election. He invited the contenders to tell him the 'Why' of it. The antagonists are instead creating confusion among their respective followers in the party. BNP leadership as of now are insisting upon immediate release of chairperson Begum Khaleda Zia and all other party leaders who are behind bars on charges of corruption. They threat that there will be no election without Begum Zia. The statements of some central leaders of Awami League echo the self same and most unacceptable sentiment at the cost of the people at large. It cannot, by any means be a precondition since none on earth is indispensable. Moreover, such strategy, if adhered to may take the nation to the days -- before one-eleven.

The promoters of such ideas are unknowingly exposing to the peo-

ple the otherwise pitiable condition of their own party, the big vacuum in its leadership the tremendous dirt of faculties to lead, incapacity at forging unity of thinking. Besides, rising to the highest echelon of party leadership by a fluke chance has apparently sent some lesser ones off their heads and even forgetful of those few who used to enjoy a better status than now when the party chief was in place. Consequently, many of them are now literal aliens and silent spectators.

Between the two major political parties, that is, Awami League and BNP, the house of the latter is by far the most affected from organizational point of view. The none-too-palatable rift between the 'reformists' and the 'Khaleda followers' and at the latest, the 'cold war' between the most vocal

Kazi Alauddin Ahmed is a freelance contributor.