

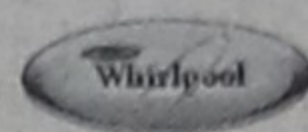


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BUDGET TODAY

In shadows of dread and glory

INAM AHMED

It could be both a glorious and a dreadful time for a finance minister to present his budget this year.

Glorious because this is going to be his first budget of a new government that came to power with a sweeping victory after two years of a non-elected regime. So it is his time to show to the nation how his party and government want to envision the future. And secondly because in the midst of a brutal global recession, the country's economic indicators still hold up fine to the dismay of many naysayers.

But dreadful also because of the same two reasons looked at from a different angle and also for the assembly of a few more reasons such as governance status, infrastructure and institutional capacity. A high-speed game, as Finance Minister AMA Muhith plans soon after an election, may risk an upturned cart.

As the finance minister is set to present his first budget of the new government today, the ground under his feet remains quite unstable because of still an unpredictable external environment. There are signs in the air that

recession will ease in the days to come -- good figures are coming from China, India, South Korea and even Japan. But the US, the powerhouse of the world, remains mixed with unemployment data dampening the spirit. The real worry is, the recession impact is supposed to come late in Bangladesh, and even if the global economy turns around next year, Bangladesh might then feel the lag effect. Put simply, Bangladesh is getting into the trajectory of global woes late and is likely to come out late. It needs a massive preparation to face any such event and the budget should have that cushion.

Once fallout from recession deepens, revenue collections would become one direct victim. If the economy shrivels, import would too -- already it has declined by 10 percent during July-April of this fiscal year -- leading to erosion of earnings from the inflow of goods. And if that happens, the budget, as ambitiously as it has been laid out, would become uncertain in its implementation. A bad budget management could be any finance minister's nightmare.

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Opportunists delighted as budget info leaked out

STAFF CORRESPONDENT

Although the budget document is a top secret item until officially published, this year it got leaked out before even being presented in the parliament.

The leak allegedly gave rise to some hectic manoeuvrings by some entrepreneurs in the market, based on the advance knowledge of what kinds of changes are coming in taxes in the next budget.

The illegal leak also presented an opportunity for those entrepreneurs to make crores of extra bucks through the manoeuvrings.

In the budget document the taxation part of the National Board of Revenue (NBR) is the most sensitive one. But some media outlets already published the taxation part of the next budget almost verbatim.

In a parliamentary system, the budget is usually first placed in the parliament, and according to the tradition,

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Tipai emits an air of eerie feelings

India's secretive handling of Tipaimukh dam causing huge concern downstream

PINAKI ROY

Ignoring its promise, India in the last four years has refrained from sharing technical information with Bangladesh about building the Tipaimukh Dam in the bordering Manipur state, triggering public uncertainty and outcry over its possible negative impact on the neighbouring country.

While India has not started construction of Tipaimukh dam on the Barak river near Manipur-Mizoram border, it had floated international tender in 2005 and opened the bid in 2006 during the era of former BNP-Jamaat alliance rule.

In 2005, India promised to share with Bangladesh the project design, which is pending till date. Besides, the country also did not share any study report on the dam's impact on downstream regions.

Experts told The Daily Star the construction of Tipaimukh dam would impose a great environmental threat to Bangladesh as four major rivers in the Meghna basin -- the Meghna, Kalini,



Surma and Kushiara -- lie downstream of the Barak, locally known as 'Ahu'.

Amid such concerns, the prime minister has recently said an all-party parliamentary committee will visit India to

know about the issue. The schedule of this visit has not yet been set.

Indian response to Bangladesh's worries has so far been remained

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Govt to scrap 'unlawful' allotment of 28 houses

UNB, Dhaka

The government has decided to cancel the "unlawful" allotment of 28 abandoned houses in Gulshan, Banani, Dhanmondi, Elephant Road, Eskaton and Shantinagar areas in Dhaka during the previous BNP rule.

State Minister for Housing and Public Works Abdul Mannan Khan told the news agency yesterday that the government has already initiated legal process to take back the houses to government's possession.

"We have seen limitless corrupt practices, nepotism and favouritism in all spheres in the past that had become a part of culture," he said, adding that the present government wants

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The photo on the left taken in March shows Sajid Washing and Dyeing Ltd not using their Effluent Treatment Plant (ETP). Locals say that the factory's ETP was not run in the last six months. However, the factory fired up their ETP, right, when BIWTA and the district administration started to vacate a piece of land of the Turag from the factory's occupation. The authorities are conducting drives against encroachment of rivers, not river pollution.

PHOTO: SYED ZAKIR HOSSAIN

River dredging plan outlined

PM to head high-level body to implement the scheme

STAFF CORRESPONDENT

Prime Minister Sheikh Hasina yesterday announced in parliament that her government is going to form a high-level committee to implement the mega plan for dredging the rivers of the country.

"I myself will head the committee. The finance, planning, agriculture and other ministers concerned will be its members. It will require huge amount of money to dredge the rivers. But we will do it," the PM said in reply to lawmakers' queries.

On taking financial assistance from the World Bank for tackling damage caused by global warming, she said her government would not take funds from it

on its conditions.

"The World Bank will give us funds as per our terms and conditions since developed countries are responsible for the global warming," Hasina said, replying to a query from Workers Party lawmaker Rashed Khan Menon.

The premier expressed hope that Bangladesh will be able to receive as much money as required to face the aftermath of global warming.

She said her government has already allocated Tk 300 crore in the budget for the next fiscal year to initiate adaptation measures.



"A guideline titled 'Bangladesh Climate Change Strategy and Action Plan' has been formulated to face possible disasters induced by climate change. A cabinet committee is working to finalise the action plan. Another committee is finalising the process of formation of Climate Change Trust Fund with budgetary allocation," Hasina said in a scripted answer to a query of AL lawmaker Shahiduzzaman Sarker.

In response to a supplementary enquiry of Shahiduzzaman, she said her

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BNP's budget preparation outside JS

Joining still uncertain

STAFF CORRESPONDENT

Leader of the Opposition Khaleda Zia is not going to parliament today. She will watch the finance minister's budget speech on television at her Gulshan office along with party leaders.

Officials of the BNP chairperson's Gulshan office said the budget speech will be shown live through a multimedia projector at the office.

Sources said a group of pro-BNP economists will also be

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62 'political' cases to be dropped

Govt decides to recommend withdrawal of 12 cases against Hasina

STAFF CORRESPONDENT

The government has decided to recommend withdrawal of 62 "politically motivated" cases filed against Awami League leaders, including 12 against Prime Minister Sheikh Hasina.

State Minister for Law, Justice and Parliamentary Affairs Quamrul Islam yesterday said as of yesterday they received 824 applications for withdrawal of cases filed during the tenures of the BNP-led four-party alliance

government and the last caretaker government.

"We have reviewed 113 of those cases and found 62 fit for withdrawal," he said.

The cases were filed for political harassment, he told reporters after a meeting of the government's central committee on withdrawal of harassing and politically motivated cases at the home ministry. He said the committee would sit on June 21 again on the matter.

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BNP REORGANISATION Grassroots unhappy over committees

STAFF CORRESPONDENT

Leaders and workers of BNP in many districts yesterday rejected the new convening committees saying the high command has done injustice to devoted party leaders.

However, a number of BNP leaders in some districts expressed satisfaction over the exclusion of the party's reformist leaders from the new committees.

The ignored BNP leaders and their supporters in some areas declared the newly appointed conveners 'unwanted' in their districts.

They staged protests in many districts soon after the

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MORE STORY ON PAGE 14

SYLHET GAS TURBINE POWER PROJECT

PDB's bidder pick questioned

SHARIER KHAN

A tender committee of the Power Development Board (PDB) recommended awarding its 100 to 150 megawatt gas turbine power project in Sylhet, to a Chinese company that had not even filed all documents required for it to be declared responsive in the tender.

Sources said, under the influence of a powerful ruling party man, the tender committee on Tuesday forwarded its recommendation to the power ministry for awarding the contract to Shanghai Electric Group of Company (SEC), which is one of the largest manufacturer of mechanical equipment and technologies in China.

Yet neither SEC nor any of the three other competing bidders filed all documents required for being declared responsive. Consequently the bidders fall under the Rejection Clause of the tender.

Under the Public Procurement Rules, there is no scope of evaluating bids that fall under the Rejection Clause.

A PDB high official however defended going ahead with the flawed bids saying, "This is the fifth tender of this power project. Already we have lost valuable time and we are eager to move forward."

SEC showed Barapukuria coal fired 250mw power plant as one of its accomplishments. That plant was actually built by a Chinese consortium led by CMC along with SEC and SEEC.

SEC submitted a provisional certificate from Barapukuria, but the tender terms demand a final certificate.

SEC's overseas experience certificate is also flawed, the sources said. It submitted a provisional acceptance certificate (Pac) from Pakistan Water and Power Development Board issued to CMEC. It also submitted a Pac from the Iranian

energy ministry issued to CMEC-SEC. "But those are not acceptable as per the tender documents," said a source.

SEC offered a gas booster compressor (GBC) from Shanghai Fiorentini China, a company which has no experience at all in supplying such equipment. To cover the shortcoming, SEC submitted a performance certificate issued by end-users, mentioning that Pietro Fiorentini of Italy, not Shanghai Fiorentini, will supply the GBC.

GBC was a major issue for Harbin's Tongli 80 mw power plant which tripped dozens of times just for the wrong GBC installed by that company. The plant tripped more than 100 times in the first two years of its operation since March 2005.

SEC's price tag of 100 million dollars (48.34 million US dollars, plus 36.35

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