

## An oversized budget Implementation is the issue

THESE are our preliminary reactions to the new budget, reserving more detailed analysis and comments for future. It stands at slightly over Tk2,500 crore and represents an estimated 16 percent rise above last year's budget. The finance minister is confident that it will provide both dynamism and the mechanisms necessary to foster investment and help reduce poor-rich divide. Sceptics are not so sure. And though the government has prioritised growth, poverty-reduction and investment, concerns remain as to how investments will climb as both domestic and foreign investor confidence remains low even five months after the last general elections.

Special emphasis has been placed on developing dilapidated infrastructure. But mere allocation of more resources will not get the job done; the bigger question remains whether the government will be in a position to fast track crucial projects in terms of implementation. A look at the progress of some major infrastructure projects, for instance the Dhaka-Chittagong highway expansion undertaking, only highlights how difficult it is to achieve the physical targets. The other major problem is employment generation. To create sufficient jobs, the finance minister must boost investment from current 28.7 percent of GDP to about 33 percent.

Revenue collection is bound to be more challenging this time around. Though the National Board of Revenue has been tasked to collect approximately Tk1,800 crore, it is not entirely clear how the reshuffling of the tax slabs for personal income, corporate tax and various surcharges on imported goods and material will aid revenue collection for the government. An increase in the tax regime will inevitably lead to a new round of inflation which in turn, will hurt the poorer sections of society. The government needs to get its act together in terms of implementation; otherwise bulk of allocations will remain confined to paper.

## Encroachment on city's flood flow zones Suicidal for city's environmental balance

BY altering the Detailed Area Plan (DAP) of the capital, a cabinet committee meeting headed by the housing minister on Wednesday has given the go-ahead to a number of housing schemes run by powerful real estate agents. But the High Court in June 2011 had declared some of these projects illegal and ordered the government to scrap those.

It may be noted that 35 per cent of the DAP with an area of 1528 square kilometers was earmarked for residential quarters. So, the housing projects in question could be accommodated within DAP, had the government given consideration to full utilization. From that point of view, the alteration made to DAP by a review committee and, that too, to please beneficiaries in the army, the administration, some institutions and some developers was unnecessary and arbitrary.

This will come at a huge cost to the city's natural environment and members of the public whose lands fall within these projects.

The housing minister's admission that he gave nod to the army and admin officials-owned housing schemes in flood flow zones as those had already been 'developed and built' is unabashed. We are also flabbergasted by his remark that he would entertain any other housing projects by real estate developers on the city's wetlands and flood flow zones, if only they keep provision for sewer and drainage. These mark his total disregard for the city's environmental health.

## Mysteries behind the arms-haul

SHAHRIAR FEROZE

THE recovery of huge cache of arms and ammunition from the Satchari national park has indeed created a sense of worry among us. If RAB had seized the arms and ammunition based on a tip-off by the Indian sources, as reported by various media agencies, then we can only thank the foreign source before we start criticizing the strength and efficiency of our intelligence agencies. But how the Indians came to know of the matter inside Bangladesh before the Bangladeshis did needs a logical explanation.

Firstly, it was the time of the haul that in many ways indicate that the operation may have been planned to recover the RAB's dented image. We are not likely to know the truth soon. Secondly, why is it that it took nearly two decades for the cache to be discovered, and that too by foreign intelligence?

The location of the spot of the recovering is about two kilometres from the international boundary where some nine bunkers, some even over 50 feet, were identified, and it's the location that shows how Bangladesh was strategically used by ULFA and Tripura separatists.

With regard to the spot even more questions become obvious:

Why hadn't our previous governments realized what was happening in the areas near the north-eastern borders, and also how could the separatists enter despite the presence of BGB (Formerly BDR)? Also at the same time without very advanced technology related to satellite imagery and other gadgets for detecting arms it's a mystery how the Indians came to know about the exact spot?

Are we to believe then that the human capability of a foreign intelligent agency inside our territory is better than ours?

If we assume that Indian agents operating within Bangladesh territory to have contributed in discovering the huge cache of arms as Satchari jungle, then also the possibility of a leak of our national and security issues are there too. Bangladesh should never be used as a base by militants or terrorists, but at the same time we must ensure that we know what's happening inside our territory. In the light of the recent arms haul more should be done to bring the remote regions of the country under constant security scanner.

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# Dilemma between disclosure and denial



MOHAMMAD BADRUL AHSAN

**CROSS TALK**  
LAST week was full of challenges without being challenging. Our prime minister challenged the High Court on the arrest of three Rab officers. A human rights organization challenged the legality of presidential clemency. A noted academician of the country challenged the Education Ministry on the ground of leaking question papers. It was good to hear so many dissenting voices resenting over so many things. Sadly, they were one-sided instead of being reciprocal.

Reciprocal is when both sides get involved, when one side attacks and another side retorts. The prime minister probably would have been held for contempt for criticizing the court, were she not who she is. The lawsuit filed against the president's privilege to pardon convicts is a judicial matter, but one could expect to hear something from the president's office even if it had to be in the most subliminal manner. The Education Ministry has neither confirmed nor denied the accusations leveled against it. Everything is quiet on the other fronts.

None of the concerns from last week found legs afterwards, and three bombshells turned out to be duds. The prime minister dropped a fourth one in the parliament when she vowed to protect a particular family. Even that instance of distance from the public opinion failed to create a controversy.

It's an alarming sign for the same reason misuse of antibiotics increases the number of drug-resistant germs. The issues in focus last week should have stirred national outrage. Newspaper headlines should have screamed scandals. The talking heads on television should have gone through the roof on the pros and cons of damaging accusations. Corridors, living rooms, tea-stalls and market places should have been abuzz with boisterous arguments. In reality, none of those things happened. None of the contentions provoked anything more than storm in a few teacups.

Instead those issues fizzled out mostly because the common people of this country have grown inured to shocks. And, the uncommon minds, like always, have been cautious. They treaded with utmost care in their characteristic anxiety over which side of the bread to butter. They're also privileged to know how this country is trapped in the Hobbesian dilemma: When the ruler has enough power to prevent or end war, he or

she also has the power to start war in his or her own interests.

The tension of that dilemma resonated in the prime minister's voice when she said Rab couldn't be disbanded. The reason she gave for it is that the elite force has turned into an institution. One of the many definitions of the word says that an institution is something or someone firmly associated with a thing or place. Whether Rab fits into that description is anybody's guess.

One may or may not agree with the prime minister. But Rab has indeed become a Catch-22 for this nation. We're damned if we keep it, damned if we don't. If the force is suddenly dissolved in its present condition, its members will go back to their respective barracks. What about the misguided ones amongst them? Will those who have learned to cultivate their greed disabuse themselves of this ruinous addiction? So even if anybody ever thinks of doing away with Rab, the first priority must be to filter the bad elements so that they don't get to pollute others.

Which brings us to the prime minister's other postulation. She has urged everyone not to make too much fuss about the gold that went missing from the crests given to our foreign friends. She argued that it would only soil the country's image abroad, which is an example of reductio ad absurdum.

Because when the body fights against disease, it's the sign of a healthy immune system. Likewise, when a nation criticizes itself for its own failures it earns the respect of others. The Americans didn't hide the Watergate Conspiracy or the Monica Lewinsky scandal. The Chinese didn't hesitate to sentence one of its top party bosses, Bo Xilai. The Indians never tried to suppress publicity around the Bofors and 3g scandals.

Every country has its share of scandals, which should get its head hung low in shame. But hushing them up only encourages the wrongdoers, who hold the country hostage to its inordinate fear of embarrassment. If we heed the prime minister's advice, the academician should think twice. Because if the examination system is undermined it will hurt the credibility of our academic standards abroad. The human rights organization should also withdraw its prayer against the presidency lest it belittles the highest office of the country in the eyes of the world.

This is the difference between democracy and dictatorship. Democracy emphasizes disclosure whereas dictatorship emphasizes denial. A nation cannot rise to its challenges when it has to cringe in the fear of facing itself and facing others.

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## Implementation will be put to test: An immediate reaction to budget for FY2015

DR FAHMIDA KHATUN

AN immediate reaction to the budget for FY2015 is, "let this budget be different in terms of implementation and achievement". The proposed budget for the next fiscal year which is about 16 percent larger than that of the revised budget of FY2014 brings in a lot of promises both in terms of expenditure and revenue. The fiscal framework has been designed in a way that the budget deficit will be the usual 5 percent of total budget. Total expenditure in budget FY2015 is set at 18.7 percent of Gross Domestic Product (GDP), an increase from 18.3 percent in the revised budget of FY2014. The size of Annual Development Programme (ADP) is seen an increase by 33.5 percent compared to the revised ADP of FY2014. The share of ADP is planned to be 6 percent of GDP.

The need for a large budget is obvious. Budget has to cater to the demand of a large population who need employment and income. Public expenditure shows an increasing trend during the last few years though during the first nine months of FY2014 public expenditure has been relatively slow. The growth of public expenditure has been constrained by the low level of resource mobilisation efforts. Much of it is due to political turmoil during the first half of FY2014. However, this is also due low expenditure capacity by ministries in implementing ADP. The size of the ADP has been revolving more or less around 3 to 5 percent of GDP during the last decade or so. This, in no standard is adequate to lead the country towards a middle income country that requires huge investment. Low public investment also contributes to low private investment which in turn discourages foreign investment. During the first nine months of FY2014, only 43 percent of ADP has been implemented which was 5 percent lower than the same period of FY2013.

An important feature of ADP projects is that the number of carry over projects is high. In the budget of FY2015 a total of 1034 projects are listed in the ADP, of which only 29 are new, 296 are carry over projects, 357 are to be completed in FY2015 and 352 projects will be continued beyond FY2015. The failure to complete projects within stipulated period leads to higher cost of projects and tells upon the quality of expenditures. Besides, the quality of expenditures also erodes due to ill planned and politically motivated projects. The Finance Minister has time and again pointed out several measures to improve the ADP implementation which include monitoring of major projects, special and intensive monitoring of projects in a few important ministries, improving efficiency of project directors etc. The amendment of public procurement act and public procurement rules have been made to facilitate ADP implementation. The outcome has not been significantly different, however.

As it looks, the proposed budget has put emphasis on revenue generation from domestic sources. This is a right move since one of the most important challenges will be the financing of the budget. In a resource poor country financing of planned development activities and budget deficit cannot be done by resources from one single source. Multi-sourcing and mix of resource package will determine the implementation to a large extent. During the last few years (since FY2006) there is a tendency to depend more on domestic resources for meeting expenditures. In recent years the gap between financing from domestic and foreign sources has widened further. In FY2010 the difference between financing from domestic sources and foreign sources was 0.5 percent of GDP, which reached 1.9 percent in FY2013.

During the outgoing FY2014, budget deficit has been revised upward to 5 percent against the target of 4.6 percent of GDP. Though up to March 2014 deficit finance was 1.4 percent of GDP but this is expected to rise significantly towards the end of FY2014. Lower figure, till March 2014 was not because of any significant improvements in revenue generation but because of the lower development expenditure. The dependence on domestic resources as a source of financing has increased to more than 94.3 percent during July-March 2014. About 72.1 percent of total budget deficit was financed by domestic resources in FY2013. Increased dependence on domestic resources for deficit financing is a matter of concern from the point of public finance management, particularly when domestic resources are not enough to meet the demand of the country.

In financing the budget for FY2015 from domestic sources lot of emphasis has been put on revenue generation by the National Board of Revenue (NBR). Towards that, NBR will have to achieve Tk 1,49,720 crore in FY2015, an additional Tk 24,720 crore compared to FY2014. In terms of composition of revenue, income tax will be the major source with a target of Tk 57,500 crore. Traditionally, the major source of NBR tax used to be the indirect tax during previous years. This is a positive move since direct tax is progressive in nature while indirect tax is discriminatory as the incidence falls disproportionately on people irrespective of their income. In order to mobilise higher tax, several measures have been announced, including reorganisation of tax slabs and changes in surcharges.

In view with the trend of revenue mobilisation effort in recent period, targets are ambitious that calls for a massive drive to bring new taxpayers in the tax net and realise revenue from tax dodgers. Unfortunately, tax evaders are powerful and are capable of finding ways to get away with avoidance while the common people experience difficulties, even harassment while making their tax files. A cooperative and encouraging approach for the genuine taxpayers and an uncompromising attitude towards tax evaders should be the guiding principle in tax collection efforts by NBR. Thus the improvement in the revenue scenario is contingent upon motivated and efficient human resources, and modern, transparent and accountable tax management system.

There is also gradual rise in non-development expenditure. Expenditures on account of public investment are desirable but not the increase in non-development expenditure, because development through such measures is not sustainable. Allocation for social safety net programmes (SSNP) as a percentage of GDP has been declining over the years. The proposed budget has not shown any significant increase for SSNPs. Both the coverage of beneficiaries and amount of allowances need to be increased for development to be inclusive.

In a modern democratic society national budget does not merely delineate the sources of revenues and identify the channels of resource flow to various directions of the economy. The budget in fact guides and manages the economy. Through the budget document the government can collect taxes from the citizens of the country, and plan expenditures for various development programmes. That is why the budget can impact the growth and income distribution. How far the proposed budget can contribute towards completing this journey will be determined by the performance of the budget.

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## LETTERS TO THE EDITOR

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### Declare 14th June 'Safe Food Day'

The government has enacted 'Safe Food Law (2013)', gazette notification of which will be made soon. To prevent widespread food adulteration and to ensure availability of safe food, the government has also formed a single agency styled 'Bangladesh Food Safety Authority (BFSA)'.

It is common knowledge that the whole population is being slow-poisoned through all types of food -- dairy, poultry, fishery, bottled, or canned food, you name it. These products contain chemicals which are highly toxic. They are pesticides, fertilizers; preservatives including formalin, growth hormone as well as colouring, sweetening, flavour producing, taste enhancing agents. Pesticide residue in vegetables is 20 times higher than the safe limit. Almost 90% food items are adulterated with highly toxic chemicals.

The effect of this slow poisoning on public health is very dreadful. The challenge to provide safe food to people is daunting. Public in general, various ministries like agriculture and commerce, NGOs, organizations engaged in social activities, trade bodies etc., have to be brought on board to be a partner to the movement. To build public awareness and also to rejuvenate the movement, ministry of food should earmark a day as 'Safe Food Day'.

In June, 2012, 14 children died in Dinajpur and Thakurgaon by eating insecticide-sprayed litchis. It may be befitting to declare 14th June 'Safe Food Day'. Honourable food minister, please consider.  
**Pl Col Quazi Salimuddin (ret'd)**  
Convener  
Bish Mukto Bangladesh

### Technology a boon to the innocent

It has been reported in The Daily Star that the "PM snubs concerns"! She also reportedly said: "we are not sparing anyone." Then why did she question the authenticity of the news report that the Narayananj lawmaker Shamim Osman "helped Nur Hossain flee the country." And surprisingly, she also questioned the authenticity of the telephonic conversation and even hinted that the matter would be investigated. As far as I can recall, the telephonic conversations were broadcast and reported by most of the media channels at home and abroad. Thanks to the modern technology that comes to the innocents' help.  
**A F Rahman**  
On e-mail

### Comments on news report, "Activism, not anarchy," published on June 03, 2014

**Molla A. Latif**  
No disagreement with the law minister that the state organs should not exceed their own boundaries. However, the seven-murder case has created a dangerous situation in the country and the delay in arresting the RAB officers created a doubt in the public mind that the officers may escape or may be saved. The law minister should also agree that there were no sufficient explanations from the Home, Law and Defence ministries to placate the mounting public concerns.

**MH Khan**  
It is still beyond my understanding why the government was against arresting and trying the RAB members.

**Mortuza Huq**  
The law minister said, "But we would like to at least state this, that though we encourage judicial activism, it should not cross the boundary and become judicial anarchy. That is where we would like caution to be maintained."

So, is the law minister defining here the boundary of the judiciary? Wouldn't that be a contempt of court? Does this government think that the judiciary is already subordinate to the government like it was in the BAKSAL regime?

**Aasfisarwar**  
The law minister has already threatened the judiciary by reminding the judiciary of what they want and how much they will tolerate.

### "Plea to PM" (June 01, 2014)

**Mortuza Huq**  
Plea to PM by gentlemen may not be enough anymore. People may need to take control of the country from this mandate-less government.

**Hardreality**  
Our PM has the reputation of putting the party interests above public interests. Now environmentalists have put the PM to another test. Let's see whether she can pass this minor test.