

Budget aims high Implementation to test institutional preparations

THE finance minister has presented the 44th annual budget of a record size in parliament. We are giving our preliminary reactions to it at this stage; deeper analysis will follow. Standing at Tk 2.5 trillion, this year's budget places greater emphasis on human resources development. Proposed allocation for the education sector is Tk 316.18 billion.

However, the rate of implementation of the annual development plan (ADP) remains a major concern. Its rate of utilisation stood at slightly over 50 percent in the first 10 months of the last fiscal. While a 7 percent growth rate is envisaged, economists and experts alike have pointed out that without institutional and policy reforms, attaining growth rates at such a high notch may not be feasible.

There is a renewal of pledges to complete mega projects such as the Padma Bridge and metro rail; the emphasis on infrastructure development is welcome.

On the positive side, tax exemption threshold for women and senior citizens above 65 years has been raised from Tk 2,75,000 to Tk 300,000 while for physically challenged people, exemption has been raised from Tk 350,000 to Tk 375,000. The new pay scale for public servants remains an area of concern, and although government employees are set to be included in the tax bracket, it is not clear where from the additional Tk 16,000 crore will be generated. Indeed this year the revenue target has been revised upwards by Tk 500 billion. The increased revenue will have to come from a widened tax net, value added tax and tax at source. It can be challenging.

At the end of the day, the government needs to get its act together in terms of implementation; otherwise the bulk of allocations will remain unutilised and the quality of spending may be compromised.

Another terrifying arson attack

A grisly reminder

JUST when we had started to feel a sense of relief, that the horrific incidents of arson attacks during the BNP led opposition hartal-blockade were over, it has struck again. Eight people have been burnt by arsonists who hurled petrol bombs on a running bus. It happened on the Dhaka-Chittagong Highway, near Comilla, at midnight when many people were offering Shab-e-Barat prayers. The attack is a chilling reminder that we are still vulnerable to these deadly attacks which killed at least 95 people and wounded more than a thousand during the first three frightful months of this year.

It is a wakeup call that reminds us that all those men, women and children who were killed or disfigured for life in those three months, have yet to receive justice. Apart from the various cases against leaders of the opposition we have not seen arrests and trials of those individuals who actually carried out these gruesome attacks. Without a single culprit of those crimes being brought to book, it is not surprising that arsonists feel confident enough to go on another spree of killing and maiming. It must be stopped right now – not with wholesale arrests of political opponents but through proper investigation and by following due process that will ensure the severest punishment for these killers.

COMMENTS

"Petrol bomb on bus again"

(June 4, 2015)

Mohsanul Haque

Need strong punishment to stop these culprits. Safety is the first priority.

Gobindo Anjon

It appears that culprits are still active. What are our law enforcers doing?

Tasnuba Afroze Runa

The perpetrators who have committed such offences must be punished so that other culprits don't commit such heinous activities.

"Muhith's 7th budget in a row"

(June 3, 2015)

Shojib

Hope and disappointment are being held together in this budget.

Jubaer Alam

Budget has just one and only one meaning and that is 'price hike'.

Rakibull Hassan

When a vote-less, mandate-less government allocates a budget, it does what it wishes. There is no party left to speak for people's interests.

"Bangladeshi trafficking victims will be brought back in a month"

(June 2, 2015)

Zaman Khan

Government's effort to bring back the trafficking victims is appreciated.

"Building trust is of critical importance"

Farooq Sobhan, President, Bangladesh Enterprise Institute and former foreign secretary, talks with Naznin Tithi of The Daily Star about the opportunities and challenges of Indo-Bangla relations.

The Daily Star: What is the significance of Indian Prime Minister Narendra Modi's upcoming visit to Bangladesh, now that the Teesta water sharing agreement will not be on the agenda?

Farooq Sobhan: This is clearly a very important visit. India is not only our neighbour, but we have a wide ranging relationship. And there have been expectations ever since Mr. Modi won a landslide victory, became the Prime Minister of India and invited the heads of the SAARC governments to attend his swearing-in ceremony. It is a very important visit not only in the bilateral context but also in the regional and sub-regional context. So it's important that we take full advantage of this visit to take the relationship forward.

Obviously, if the Teesta water sharing agreement is not signed, this will be a big disappointment for Bangladesh. Ever since the visit of Dr. Manmohan Singh in September 2011, we have been waiting for this deal. But the latest information indicates that although Mamata Banerjee is going to accompany Mr. Modi, the agreement will not be signed on this visit. It is not possible for India to conclude an agreement, or any water sharing agreement for that matter, without the support of the state governments. As you know, in December 1996 we signed the 30-year Ganges Water Sharing agreement with India. I was then the Foreign Secretary. We could only conclude that agreement because we had the support of the government of West Bengal. In fact, they were actively involved in the negotiations that took place to finalise the agreement. Similarly, in this case too, we cannot move forward without having Mamata Banerjee's support. So what does this visit mean for us if we don't have a water sharing agreement? Well, I would say there are multiple issues on the bilateral as well as regional and sub-regional agenda where we can make progress.

We understand that several agreements will be signed by some of India's leading business groups during Mr. Modi's visit. This includes a \$3 billion investment by Reliance, headed by Mukesh Ambani. There are similar agreements being planned by other groups. So, clearly, they see Bangladesh as an important investment destination.

Getting an Indian visa is not easy for Bangladeshis. So we were very happy when Mr. Modi announced that he will make the process of getting an Indian visa hassle-free. If this can be done, it will be a major achievement and a confidence booster to the relationship.

A lot of preparatory work is required. We need expertise, we need an efficient bureaucracy which can monitor and implement all these different projects and programmes related to border management, connectivity and energy cooperation. I don't see any shortage of issues and subjects that the two countries can discuss. We need to widen our cultural and educational exchanges. But above all, we need to focus on environmental

and water related issues. We also need to focus on health, food security and agricultural cooperation.

TDS: What will be the major challenges in implementing the LBA?

FS: The ratification of the land boundary agreement (LBA) is very important. We have been waiting for 41 years for this to happen. The Indira-Mujib Land Boundary Agreement was signed in 1974. Now all the details have been worked out and we can move forward to implement it. We have agreed to exchange the enclaves and the land in adverse possession. So what is inside Bangladesh will now become a part of Bangladesh. Under the agreement, the people on both sides have been given a choice. Those who are living in the Indian enclaves and those who are living in the Bangladeshi enclaves can now decide where they want to stay. It is very interesting to note that in the survey that

two countries during the last six and a half years is security cooperation. This should definitely include certain agreements and understandings in so far as patrolling the border. Instead of using live ammunition, rubber bullets can be used. We are told that one of the reasons for border killing is that there is a lot of smuggling taking place on the border. But surely there is a way to avoid deaths. We now have very sophisticated surveillance equipment which can be used on the border. India has fenced a large part of the border. So we don't see any reason why border killings should happen.

TDS: The Indian government is likely to give a US\$2 billion soft loan to Bangladesh for building infrastructure. How will the fund be used? How can Bangladesh reap full economic benefits of the regional connectivity projects?

FS: We hope to sign some agreements on

West Bengal to India's northeast through Bangladesh. It is about Bangladesh's ability to move goods and people freely between Bangladesh and Nepal, Bangladesh and Bhutan, through India. Likewise, to be able to move through the Indian Northeast to Myanmar, to the ASEAN countries, to China and beyond.

TDS: What steps need to be taken to reduce the trade gap between the two countries? What about removing the non-tariff barriers?

FS: We have duty-free access to the Indian market. I believe we need to now focus on removing the non-tariff barriers. We need to accept each other's standards and certification arrangements. In the absence of trade facilitation measures and without removing the non-tariff barriers, Bangladesh cannot take full advantage of the duty-free access to the Indian market.

One of the most popular exports to India these days are the food products from Pran group. Frequently their goods were held up on the Indian border because the Indian customs did not accept the certification provided by Pran. We hope this problem will be resolved during Mr. Modi's visit when the agreement on mutual recognition of certificates on standards is signed. For Bangladesh it is also very important to study the Indian market. India now has a prosperous middle class in excess of 400 million people. In my view, it is the Indian market that the Bangladesh private sector should focus on.

TDS: What are the main barriers to building trust between Bangladesh and India?

FS: We need to understand the Indian psyche, their concerns, their perception of Bangladesh. Similarly the Indians need to understand why there is a sense of misgiving and mistrust on the Bangladesh side. If Indo-Bangladesh relations stand to benefit both countries, it is important that people on both sides are convinced of this. This requires intensive and extensive interaction not just between the governments but at the people-to-people level. I believe that this is of critical importance in building trust and confidence in the India-Bangladesh relationship.

Building trust is of critical importance. We need to share data particularly on the flow of the rivers, we need to be completely transparent in this area. I would advocate regular summit meetings, which should be functional in nature. We need to see results. The two PMs should agree that after three months they will meet again to see how much of what was agreed during Mr. Modi's visit has been implemented.

If the two countries can fully leverage the multiple opportunities that exist, both bilaterally as well as within the framework of the existing sub-



Farooq Sobhan

was carried out, 75 percent of the Indians living in enclaves inside Bangladesh opted to stay behind in Bangladesh. There will have to be an effort to settle them and give those who will move across the border all the necessary support.

TDS: Bilateral relations must be based on mutual trust and interests. Without proper action on part of India to stop border killings by the BSF, is it possible for the two countries to have a cordial relationship? How can Bangladesh convince India to solve this problem once and for all?

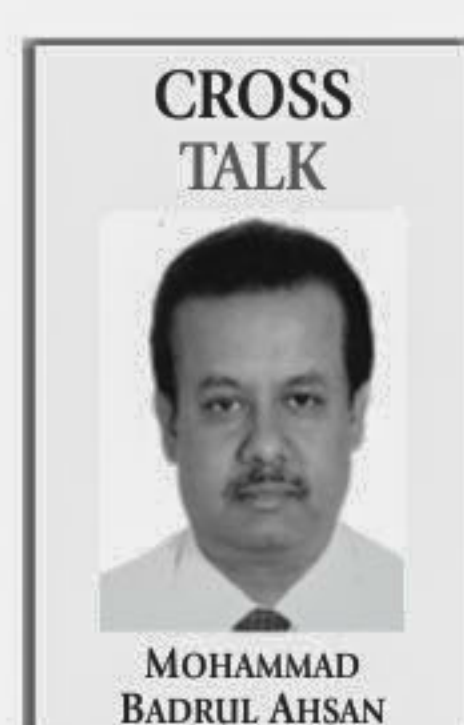
FS: One of the big issues in the India-Bangladesh relationship has been the issue of border killings. On repeated occasions our Indian friends have said that they would like to see zero killings on the border. We want to see this happen in reality. One of the areas where we have seen very good cooperation between the

rail, road and riverine connectivity. We will address the issue of how to improve river traffic. We also need to greatly improve the railway infrastructure within Bangladesh to connect with the railways in the Indian northeast, with West Bengal, and with Nepal.

India during the previous UPA government under Dr. Manmohan Singh had provided US\$1 billion soft loan to Bangladesh, of this 200 million has been converted into a grant for the Padma Bridge project. The main focus of that line of credit was to support the development of our railways and to help with dredging. Now the US\$2 billion credit will also, no doubt, be earmarked for infrastructure development. We have enough difficulty in transporting our own cargo and goods across the country. We need more trains, more railway tracks; we need to bring our railway system up to the global standard.

We should also understand that connectivity means not just transit from

When history will look for Narendra Modi



CROSS TALK

MOHAMMAD BADRUL AHSAN

WHILE he was talking to an Indian daily last Saturday, Indian Prime Minister Narendra Modi compared the Land Boundary Agreement between his country and Bangladesh to the fall of the Berlin Wall. It could be that he said it without realising he was mixing apples and oranges. The LBA signified reconciliation while the Berlin Wall signified unification. Modi must have meant to calibrate the historical

significance of these two mega milestones instead of emphasising on their factual substance. Hope it wasn't a veritable Freudian slip, but a virtual slip of tongue.

That doesn't change the fact that this Indian Prime Minister deserves our heartfelt gratitude for his momentous accomplishment. He has solved within his first year in office a long-simmering bone of contention between the two countries. He has rightly said that the LBA has been "a massive achievement". And the credit goes to him for his leadership style and negotiation skills. It was he who pushed the bill through the Indian parliament "by taking all parties into confidence."

Modi is also correct in saying that "the entire mood of our neighbourhood has changed dramatically because of our message of shared prosperity being implemented on the ground." An opinion survey on the eve of his arrival tomorrow would have shown that more people in this country are favourably disposed toward India compared to a month ago. More people are excited about a slew of new deals that are expected to be signed during his stay. India and Bangladesh are going to get involved with each other in more ways than before.

The next two days will be busy for both sides. They will be signing deals, dining and dining together and wheeling and dealing on behalf of their respective countries. The politicians of this country are going to woo Narendra Modi, playing their wonderful charm to

the hilt. A dozen more deals will bring Bangladesh more money, roads, bridges, electricity and ICT benefits, some of which, hopefully, will trickle down to the man on the street.

But lurking beneath the surface is the desperate bid of our politicians to win the blessings of this VVIP guest. As Khaled Hosseini writes in *The Kite Runner*, "Attention has shifted to him like sunflowers turning to the sun." Rightly or wrongly, the popular perception is that India is playing an increasingly bigger role in

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determining the power game within.

The Indian Prime Minister might go back home with one of the two decisions: support for the people of Bangladesh or their politicians, or both. The future of the relationship between the two neighbouring countries is going to hinge on that decision. All other avenues broadened will mean nothing if the road to the minds of people gets narrowed down.

Modi, himself being a product of it, understands the efficacy of the populist system. He knows that democ-

racy without people's choice or voice is as obnoxious as an untuned bagpipe - it makes no melody but a lot of noise. That melody tempted a tea boy to climb the high tower of power in his country. Nobody should appreciate it better than the leader of the world's largest democracy that one life is too short for anybody anywhere to be denied his or her rights to freedom and dignity.

The supreme leader of India is bringing a myriad of gifts for us. And it's not unusual that some of these gifts will have strings attached to them. The supreme interest of his country should naturally come to his mind first. If the LBA gives us hope above experience, it shows he also has consideration for others. It also shows he genuinely understands the difference between a "Big Brother" and an elder brother. The former is a bully, the latter, a blessing.

To expand on Modi's "neighbourhood" metaphor, tomorrow he will cross the street to visit a house where people have been taken over by their politicians. He is coming to a straightjacket nation where leaders of all denominations are fighting for power, while their countrymen are gagged from protesting. The crux of the problem lies in how we are going to resolve this problem. The choice is between deliverance for the people or delivering every whim of their politicians.

Celebrated Indian writer, Amitav Ghosh, launched his new book *Flood of Fire* on May 27. He warned that the world is going to see huge upheavals of populations. He also mentioned that Bangladesh is now facing a situation in which one metre of sea level rise will swamp almost half the country.

That likens our politics to playing with fire in a house facing rising water. Any solution for Bangladesh has to address this challenging situation. Last Saturday, Narendra Modi was looking for his place in history. This Saturday, that place will look for him provided he touches the right chord for the region's bright future.