

# Loans must not be tied

Analysts on fresh Indian credit line

SAJJADUR RAHMAN

Bangladesh's move to borrow \$2 billion from India in tied loans will do little good to the country, experts believe.

Instead, the government should go for loans that don't limit the investment scopes, especially in infrastructure development with pressing needs.

"Loans tied with import are harmful," said Dr Debapriya Bhattacharya, distinguished fellow of the Centre for Policy Dialogue (CPD).

A tied loan is the credit that a government makes to a foreign borrower on the condition that the borrower will use the loan to purchase goods from the lender country.

Dhaka and New Delhi are expected to sign an agreement for the loan during Indian Prime Minister Narendra Modi's two-day Dhaka visit that begins today.

Debapriya said Bangladesh needs huge investment to make its infrastructure fit for regional connectivity. But with the previous \$1 billion tied loan, Bangladesh had to buy buses and train wagons from India.

In 2010, India lent \$1 billion to Bangladesh. Of this, \$200 million was earmarked for the Padma bridge construction and the rest was allocated for different projects.

The loan came with the condition that some 75 percent of the overall

procurement for the projects would have to be made from India. In case of civil procurement, it would be 65 percent.

The terms and conditions for the new \$2 billion are likely to be the same as those for the 2010 one.

"A tied loan is like suppliers' credit. Prices of the products or services to be procured from the lender country are shown higher than the market rates," said Ahsan H Mansur, executive director of the Policy Research Institute (PRI).

There has to be an open tendering system like in case of the loans from the World Bank and the Asian Development Bank, he said.

He also criticised the government for purchasing buses and trucks for loss-making Bangladesh Road Transport Corporation (BRTC), saying the private sector can do the business if the government feels that the country needs more buses. The BRTC incurred a loss of over Tk 62 crore in FY 2014-15, according to the finance ministry.

"We should invest the loan money for developing railways, roads and other infrastructure," said the former top official of the International Monetary Fund.

"Instead of tied loans, we have to ask for low-cost long-term loan from India for our infrastructure, including roads," said Prof Mustafizur Rahman, CPD executive director.

# Hopes so high

FROM PAGE 1

Capital Dhaka has already worn a festive look with streets adorned with life-size cutouts of Modi, West Bengal Chief Minister Mamata Banerjee and Bangladesh Prime Minister Sheikh Hasina.

Unlike the trips to other countries -- Bhutan, Nepal, Sri Lanka and Myanmar -- that Modi made in the last one year, his Bangladesh visit is going to be special since with it the two closest neighbours are expected to get the sensitive connectivity (in rail, road and waterways) ball rolling for mutual growth.

Diplomatic sources even put the issue of regional connectivity ahead of the historic Land Boundary Agreement deal, which is to be exchanged during the visit.

"Connectivity is the cake, and the land deal would be the icing on it," said a senior Bangladeshi diplomat, rating both the premiers highly for breaking away from traditional politics of suspicion to pursue economic development.

The clearance of a dozen deals by the cabinets of the two countries is a clear indication that the two sides want to integrate economic activities through rail, road and waterways connectivity.

The word "transit" has been removed from the India-Bangladesh discourse because of the sensitivity of the issue.

On top of the agenda will be rail, road and waterways connectivity for trade between the two neighbours and also with a third country by using each other's territory.

The two countries move to establish a much stronger partnership in various sectors with Modi seeking to improve ties with India's neighbours as part of his vision for regional development.

Diplomatic circles in Dhaka and New Delhi said the major credit goes to Hasina's bold leadership, as she steered Bangladesh to stand by India in addressing its security concern in its north-eastern region.

The Indian establishment believes it owes Hasina a considerable debt. Noted Indian columnist Dr Subhash Kapila recently wrote, "It is India's pay-back time to Bangladesh and its present Prime Minister for standing by India despite many odds. This needs to be borne in mind as Prime Minister

Modi starts to unveil a new chapter in Bangladesh-India relations."

Officials of Bangladesh foreign ministry said Dhaka is likely to ask Modi for greater Indian participation in Bangladesh's growth story through investment in economic, power and infrastructure sectors.

Following the settlement of the long-pending LBA issue, the next target for the two neighbours is to sign the Teesta water sharing agreement. But it is likely to take more time for the modification of the 2011 deal and a lengthy bureaucratic and technical process.

Diplomatic sources in Dhaka and New Delhi said Modi's Bangladesh visit would have the potential to be the most substantive visit he has undertaken till now to any of the Saarc countries.

During the visit, a major issue will be the launch of direct bus service between Kolkata and Agartala via Dhaka. The move is being seen as Bangladesh allowing road transit to India, a long standing Indian demand.

It will be the first direct bus service connecting Kolkata and the northeast through Bangladesh. Dhaka is set to sweeten the deal further for India by agreeing to start Dhaka-Shillong-Guwahati bus service.

The two countries are considering opening bus services on the Kolkata-Chittagong, Shillong-Chittagong, Khulna-Kolkata and Jessore-Kolkata routes.

Both sides are keen also to strengthen the railway connectivity, particularly to revive the railway links that existed prior to the 1965 India-Pakistan war.

The launch of new bus routes will help accomplish intra-sub-regional road connectivity under the Bangladesh-Bhutan-India-Nepal framework. The four countries are expected to sign a Motor Vehicle Agreement on June 15 in Thimphu, Bhutan.

On the trade front, the amended 1972 bilateral trade agreement will allow Bangladesh to transport goods to and from any third country such as Nepal and Bhutan using India's highway, waterway and railway.

India can enjoy the same facilities for trade with a third country through Bangladesh. There is also a provision of transit fees for using each other's territory.

# DEALS TO BE SIGNED, RENEWED

## NEW DEALS

- ➔ Coastal Shipping Agreement
- ➔ Second Line of Credit (LoC)
- ➔ Dhaka-Shillong-Guwahati bus service
- ➔ Kolkata-Dhaka-Agartala bus service
- ➔ Agreement between BSTI and Indian Standards Institute for certifying products manufactured in Bangladesh
- ➔ Cooperation between the two coastguard forces
- ➔ MoU on prevention of human trafficking
- ➔ MoU on prevention of fake Indian currency notes
- ➔ MoU for setting up of IT centres for Bangladesh police
- ➔ MoU on cooperation on sea-based Blue Economy
- ➔ MoU between Dhaka University and Jamia Millia Islamia

## RENEWAL

- ➔ Amended and extended Trade Agreement
- ➔ Amended Protocol on Inland water Transit and Trade
- ➔ Cultural exchange

## INAUGURATION

- ➔ Opening of Assistant High Commissions of India in Khulna and Sylhet
- ➔ Khulna-Mongla railway line
- ➔ Rabindra Bhaban in Shilaidia Kutubbari
- ➔ Revival of Kulara-Shahbajpur rail connection
- ➔ Moitree Bhaban at Sarda Police Academy
- ➔ Construction of work a bridge on a Feni river at Ramgarh-Sabroom
- ➔ Laboratory of Bangladesh Standard and Testing Institution
- ➔ Border haat

The current volume of two-way bilateral trade is around \$6.5 billion, of which India's share is around \$6 billion. To reduce the trade imbalance, Dhaka will offer lands for setting up an exclusive economic zone to get Indian investment.

## MODI'S SCHEDULE

Hasina will greet Modi when he along with an 81-member delegation arrives at the VIP terminal of Shahjalal International Airport.

The Indian leader will be presented a 19-gun salute and a guard of honour by a contingent of Bangladesh Army, Navy and Air Force personnel.

Modi will first pay homage to the martyrs of 1971 Liberation War at the national memorial at Savar. He will then go to Bangabandhu Memorial

Museum at Dhanmondi-32 and lay wreaths at the portrait of Bangladesh's Founding Father Bangabandhu Sheikh Mujibur Rahman.

He will also tour the memorial where Bangabandhu along with most of his family members were brutally killed by some disgruntled army men on August 15, 1975.

Modi will call on President Abdul Hamid at the Bangabhaban tomorrow. On behalf of former Indian PM Atal Bihari Vajpayee, Modi will receive Bangladesh Liberation War Honour from Hamid.

Leader of the Opposition in Parliament Roushan Ershad and BNP Chairperson Khaleda Zia are expected to meet Modi at Sonargaon Hotel tomorrow afternoon.

# Modi to hold

FROM PAGE 1

The announcement came just hours after Bangladesh Foreign Minister AH Mahmood Ali at a press conference ruled out "any possibility" of the Indian PM meeting Khaleda during his 34-hour trip.

"He [Modi] will then receive a number of important Bangladeshi leaders.... They would include Leader of the Opposition Begum Raushan Ershad, former prime minister of Bangladesh Khaleda Zia, presidents of

leading chambers and leaders of leftist parties," Jaishankar told newsmen.

Asked about the meetings, a diplomatic source in New Delhi said they are part of Modi's unofficial engagement.

It may be mentioned that Khaleda had congratulated Modi last year even before the official results of the Indian national polls were out.

She also thanked the Modi government after the Indian parliament had ratified the Land Boundary Agreement with Bangladesh.

# Rare paintings of top artists on display

STAFF CORRESPONDENT

It is not often that one gets to see so many rare paintings by the country's top artists under one roof displayed for sale.

At Galleri Kaya in Uttara yesterday, an art exhibition showcasing works of 23 famous painters was inaugurated by economist Dr Binayak Sen.

Forty four paintings of these artists, drawn between 1973 and 2013, were put on display to mark the gallery's 11th anniversary. The artists include Zainul Abedin, Devdas Chakraborty, Rashid Chowdhury, Quamrul Hassan, Aminul Islam, Qayyum Chowdhury, Monirul Islam, Murtaja Baseer, Nitun Kundu, Rafiqun Nabi, Hamiduzzaman Khan and SM Sultan.

"Unlike the artworks by Indian artists, our artists do not use religious motifs in their works," noted Binayak Sen while inaugurating the show. Bangladeshi artists demonstrate secularism, he said.

Not only that, our artists also demonstrate a kind of flexibility in their art technique. The artworks at the gallery show that the artists have turned to various forms



Economist Dr Binayak Sen and StanChart's corporate affairs head Bitopi Das Chowdhury watch paintings at a group exhibition organised by the Galleri Kaya yesterday.

PHOTO: STAR

from cubism to impressionism to post-impressionism. "They use whatever technique is appropriate to express themselves properly," Dr Sen observed.

As you go around the gallery, you will get to see the reflection of the social changes in their works during 1973-2013.

Some of the works are very per-

sonal. For instance, there is a sketch of famous poet late Shamsur Rahman drawn by Murtaza Basheer, which includes the poet's signature alongside Basheer's.

Works of some artists like Rashid Chowdhury, Devdas Chakraborty, Nitun Kundu and Zainul Abedin -- which are on display -- are rarely transacted.

Works of other artists on display include Hashem Khan, Kalidas Karmakar, Ranjit Das, Chandra Shekhar Dey, Samarjit Roy Choudhury, Shahabuddin Ahmed, Shishir Bhattacharjee, Tarun Ghosh, Dipa Haq, Ratan Majumder and Shambhu Acharya.

The exhibition will remain open until June 26.

# Oh, Teesta!

FROM PAGE 1

The JRC chart shows Bangladesh received only 232 cusecs (cubic feet per second) of Teesta water on March 22, the lowest in history.

The average flow of the Teesta in the last 10 days of March, the peak of the lean period, dropped to 315 cusecs in 2015 from 550 cusecs during the same period in 2014. It was 2,950 cusecs in 2013 and 3,506 cusecs in 2012.

Before the Gazoldoba barrage in India's West Bengal was built, the average flow of the river during the last 10 days of March was 6,710 cusecs between 1973 and 1985.

The water flow statistics shows the water has started reducing in Bangladesh part of the river since the deal was finalised during former Indian prime minister Manmohan Singh's Dhaka tour in September 2011.

However, recent reports published in the Indian media suggest the Modi government is trying to

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explore the possibility of having a revised Teesta treaty signed.

The Indian newspapers also published different formulas, one of which suggests 46:46 percent sharing of the water between the two countries.

According to the formula, West Bengal has to part with 21 percent of water through Gazoldoba barrage while another 25 percent would be added through regeneration by the

time it would reach Dalia barrage.

The Indian media reports also say the federal Indian government is offering financial assistance to West Bengal for developing irrigational infrastructure in the state to use the Teesta water, particularly during the dry season, in a bid to pursue Chief Minister Mamata Banerjee.

Sources point out that even now the state can only use 25 percent of the Teesta waters due to lack of irrigational infrastructure.

However, officials in Bangladesh claim they do not have any clue to any new formulas on the Teesta deal.

"The deal was already been finalised four years ago. Now we are just waiting for the deal to be signed," said a top Bangladeshi official who is involved in the process.

"Now India is dealing with its internal problems," added the official, wishing not to be named.

In 2011, it was finalised that Bangladesh and India would share

the water of the Gazoldoba point equally after keeping a certain portion for the river. But the deal could not be signed due to opposition from Mamata.

As the Teesta completely dries up during the lean period, people like boatmen, fishermen and others dependent on the river have meanwhile been forced to change their profession. Farmers are also struggling hard to grow crops, the official said.

Boatman Abdus Samad, 50, of Char Rajpur village in Lalmonirhat Sadar said at least 3,000 boatmen had been unemployed during winter. They had been facing such employment crisis for the last few years, he added.

"Two decades ago when water was abundant in the river around the year, we used to be very busy carrying people and goods from one place to another," he said adding: "But now, many boatmen had already quit their profession."

Jitin Chandra Das, 65, a fisherman of Dashpara village at Aditmari upazila said around 5,000 fishermen like him in 24 villages in the district faced livelihood crisis in winter as they could not catch fish in the river.

"The fishermen are abandoning their ancestral profession every day," he added.

Farmer Nizam Uddin, 55, of Char Gokunda village in Lalmonirhat Sadar said they faced severe irrigational problems due to shortage of water during the lean period.

"We cannot cultivate our land for producing crops as the river dries up around this time of the year," he added.

The underground water level also goes down during the season, making it very difficult for them to pump underground water into the fields, he said.

According to Agriculture Extension Department (AED) officials in Lalmonirhat, no crops can be

grown on around 30,000 acres of land in 90 chars and villages in the district during the lean period.

In addition to this, the river without water causes another problem for the char people as they find it hard to walk for miles of sandy land.

Class IX student Sathi Akhter, 14, of Char Dawabari at Hatibandha upazila, said she could not go to school every day in fear of walking two miles on the sand.

"But I attend my classes every day during the monsoon as I can commute on boats then," she said.

Sabuj Khandaker, general secretary of Teesta Putra, a local movement to save the river in Lalmonirhat, said the around-three-kilometre-wide river in the monsoon turned into a 20 to 30-foot wide canal in winter.

"If we can save our Teesta, we can save our agriculture and also save the livelihoods of more than one lakh people living in the shoal areas," he said.